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## Citrix wins Microsoft's Global ISV Partner of the Year Award

Access infrastructure solutions provider Citrix Systems is the recipient of Microsoft's Global ISV Partner of the Year Award for 2005. The company also won this award in 2003, and was a finalist in 2004.

Received on July 9<sup>th</sup> in Minneapolis at the Microsoft Worldwide Partner Conference, the award recognizes Citrix's commitment to delivering solutions through the Microsoft Windows platform to meet customer needs and market demand. "With 98% of our business

on Windows and with our reach to more than 6,200 channel and alliance joint partners in more than 100 countries, we are honored and pleased to again receive this award," says David Jones, senior vice president, corporate development, Citrix.

*(Continues on page 2)*

## India's Wipro registers 29% revenue

India's third largest software and services outsourcer, Wipro, has reported gains in both revenue and profit for the quarter ended June 30, reflecting a growth in its volume of business and higher prices for its IT services.

However, revenue growth in the company's business process outsourcing (BPO) unit was low.

According to Wipro, this is because of the company's shift in focus from call center services to higher-margin, non-voice transaction processing services. On the upside, the company does not expect significant increases in salaries of its IT services and BPO staff over the next two years. Indian outsourcing companies take advantage of low cost staff in India to offer

lower priced services to customers abroad. Wipro's revenue for the quarter was US\$524 million (as of June 30, the last day of the period reported), up by 29% from the same quarter last year. Profit for the quarter increased by 31% from a year earlier. The company which has both a domestic and export business also reported that

*(Continues on page 3)*

## Infosys Technologies and Oracle extend global partnership, renew commitment to APAC

Infosys Technologies Ltd. and Oracle Asia Pacific have reiterated their commitment to jointly address the business needs of customers in the Hi-tech, Manufacturing and Financial Services sectors in the Asia Pacific region.

Commenting on their joint initiatives and relationship, Derek Williams, executive vice president, Oracle Asia Pacific, says, "Infosys is a strategic global partner for Oracle and we strongly value this partnership because of their rich domain understanding, expertise in building software solutions and execution excellence."

*(Continues on page 4)*

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Citrix wins Microsoft's Global ISV Partner of the Year Award

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He adds, "Grounded in our longstanding and growing relationship with Microsoft, Citrix continues to be best-in-class in our focus on embracing and extending the Windows platform."



David Jones

The Microsoft Global ISV Partner of the Year Special Recognition Award is given to the global independent software vendor partner that has demonstrated outstanding leadership and is the most valuable global enterprise and medium-sized partner in delivering Microsoft solutions to the two companies' customers in the past year.

Citrix won the award by developing solutions that have significantly affected its enterprise customers' business.

Allison Watson, vice president of the worldwide partner sales and marketing group at Microsoft notes, "The past year has been unparalleled in terms of the level of innovative solutions Microsoft Partners have developed and delivered to our mutual customers."

Those at Citrix have set themselves apart from an extremely competitive field, and we applaud them for this well-deserved victory. Their achievement is exemplary of the kind of vision that will help take us beyond the solutions of today to realize the full potential of technology in business." ♦

From Page 1 — India's Wipro registers 29% revenue growth

its exports for the quarter were up by 31% over exports in the same quarter last year. In addition, the company added 29 clients in the quarter to its exports business, which consists of outsourced services.

Wipro had a total of 41,911 employees at the end of the quarter. Although the company added 2,097 staff in IT services during the quarter, it reduced the number of staff in its BPO business by over 2,000 staff, reflecting the restructuring of that business.

According to Suresh Senapaty, chief financial officer of Wipro, "The growth in revenue of the BPO business will continue to be slack over the next two quarters, until the transition to non-voice services is complete."

Furthermore, the company's operating margins were affected by increased costs of visas to the U.S., and the appreciation of the Indian Rupee, says Azim Premji, chairman of Wipro.

India's outsourcing industry has a large number of staff working on-site at customer premises in the U.S., and the increase in costs of visas to the U.S. have affected many IT services companies in the country.

Wipro's strong showing is in line with that of other large outsourcing companies in India. India's two largest outsourcers, Tata Consultancy Services in Mumbai, and Infosys Technologies in Bangalore also reported strong growth in revenue and profits for the quarter ended June 30 this year.

India's software and services exports were US\$17.2 billion in the fiscal year to March 31, up 35%



from the previous year, revealed the National Association of Software Companies (NASSCOM), in Delhi. Exports of software and services are expected to grow by between 30% and 32% in the current fiscal year, according to NASSCOM estimates.

High attrition rates and an increase in wages have affected India's outsourcing industry, particularly after the offshore services operations in India of multinational companies like IBM in Armonk, New York, and Accenture in Bermuda started hiring in India about two years ago.

However, the scenario is changing, with Wipro hiring more people from these operations than it is losing to them, notes Premji.

"Staff find that their career opportunities are better in leading Indian companies than in the Indian operation of a multinational company," he adds. "In fact, staff see that our global delivery model is the front end for us, while for the multinational companies, their global delivery operations in India are at the back end," he states. He also points out the fact that foreign operations have also moderated the salaries offered to attract staff, which is driven by their need to offer more value to their customers.

As a result, increases in salaries are likely to average at about 12% to 14% per year for experienced staff over the next two years, while salaries of campus recruits are expected to go up by about 7% to 8% a year. However, Premji adds, "We are not expecting a significant wage inflation to get excessively frightened about."

The enrollment in engineering institutes in the country has also been going up year after year, and this year over 275,000 engineers will be graduating, remarks Premji. Companies like Wipro have also teamed up with engineering

institutes to train plain science graduates in computer science.

About 63.5% of Wipro's exports during the quarter came from exports to the US, with another 31.8 % from Europe. The company plans to open a BPO services center in Eastern Europe to service customers in this continent, says Premji. According to him, this center will also offer software services.



Photo: Azim Premji

In late June, the company announced the departure of Vivek Paul, its vice chairman and president. At the same time, Wipro also introduced the leadership

team that will drive the next phase of growth

Commenting on these changes, Premji notes, "Vivek's contribution to the success of our Global IT business has been significant, reflected in Wipro's lead position today in many areas – R&D Services, IT Outsourcing and BPO. He has groomed a set of global leaders who can take over from him and who continue to build on this foundation. The priorities for the new team will be

- Leading industry growth;
- Enhancing customer value by domain, business insights and proprietary frameworks;
- Leveraging increased market synergies from our Technology business and
- Building empowered teams and leaders.

By widening and adding depth to our service portfolio, investing in sales and marketing and focusing on training, we hope to take Wipro to its vision of global leadership." ♦

*By Shanti Anne Morais*

## Siebel CustomerWorld to make grand appearance in October

**Siebel Systems will debut a new, customer-focused industry conference aimed at helping companies more effectively capitalize on their most important asset – customers.**

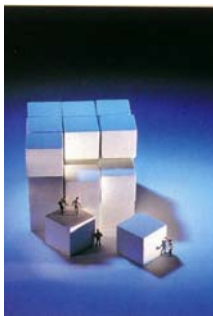
Formerly known as Siebel UserWeek and now rebranded as Siebel CustomerWorld, the conference is designed primarily around customers and aims to assist organizations of all types and sizes build their business around customers to drive growth, improve the bottom line, and create long-term competitive advantage.

This new event, which will be held from October 16-19, 2005, at the Boston Convention & Exhibition Center, expands the company's User Week conference into a more broadly targeted industry event. It will feature thought leaders, industry luminaries and expert practitioners from a variety of industries and is aimed at both IT and business decision-makers, through separate tracks.

"We expanded the mission and scope of our annual conference because we believe there is a vital need to give customers a forum to focus on driving increased business

value and growth through harnessing the power of their customer base," says Patty Azzarello, senior vice president and chief marketing officer, Siebel Systems.

"Many companies already recognize the strategic importance of customer focus. At Siebel CustomerWorld, companies will benefit from coming together to learn the techniques and best practices for developing the right business strategy and mobilizing the right combination of people, processes, and technology to bring their customer strategy to life."



Running concurrently with Siebel CustomerWorld will be the Siebel Business Intelligence (BI) Summit, which will bring together thought leaders and leading companies in the BI industry.

The BI Summit 2005 will focus on key trends and next-generation requirements for enterprise-wide business intelligence, data warehousing, performance management, customer insight and analytic applications.

Online registrations for both events are open now.

In other news, according to a July 2005 Forrester Wave report, Siebel is a leader in enterprise customer relationship management (CRM), receiving the highest score in all three evaluation categories – Current Offering, Strategy and Market Presence.

In the report, Forrester also cites Siebel as the top-rated vendor in multiple key categories including breadth of offering, industry adaptation, technology, corporate and product strategy and installed base.

Forrester analyst William Band concludes, "Siebel offers very strong functionality across all major components of CRM. It continues to offer a clear and compelling vision for CRM, highlighting the importance of the integration of strategy, data, people, process, and technology necessary to improve the end customer experience and drive business results. The company's strategy to offer deeply customized industry-specific solutions for all major industry sectors, supported by a deep partner ecosystem, supports the promise that it will continue to deliver leading-edge CRM capabilities." ♦

*By Shanti Anne Morais*

From Page 1 — Infosys Technologies and Oracle extend global partnership, renew commitment to APAC



Derek Williams

"The synergies between the two companies, together with Infosys' strong business process knowledge and Oracle's product innovation, will result in lower operating costs and improved focus to address the business needs of our Asia Pacific and global customers," he adds.

Both organizations have experience in helping Asia Pacific customers in the Hi-tech, Manufacturing and Financial Services sectors, especially in Japan, China and Australia.

The two companies are currently working together to provide a solution based on Oracle 10g technology for banks and financial institutions in Japan, as an alternative to mainframe technology. In addition, the partnership will address the business needs of global hi-tech and manufacturing

companies in China through solutions based on the Oracle E-Business Suite. In Australia, the two organizations will jointly offer solutions based on the latest financial services applications, again, in the Oracle E-Business Suite, including lease management and Oracle Financial Services Applications (OFSA).

"Infosys and Oracle are committed to enhance the business value realized by customers in order to make them more competitive," states Srinath Batni, Member of the Board, Infosys Technologies Ltd.



Srinath Batni

"With strong local presence in China, Japan and Australia and vast experience with Oracle technologies, we are strategically placed to jointly address the business needs of our customers."

Infosys partners with Oracle globally and is an Oracle Certified Advantage Partner in the Oracle PartnerNetwork. The relationship between Infosys and Oracle spans countries across North America, the Asia Pacific, Europe, Africa and the Middle East, and covers nearly virtually all industry verticals. Furthermore, Infosys has one of the strongest global Oracle Applications (Oracle E-Business Suite) practices operating out of India and has also merged its PeopleSoft practice creating a combined Oracle-PeopleSoft practice to service customers better, following the Oracle-PeopleSoft merger. Infosys is also a leading partner that is offering joint solutions on Oracle 10g BPEL (Business Process Execution Language) to standardize enterprise applications integration. Oracle 10g BPEL is a product in the Oracle Fusion Middleware family. ♦

## Singapore's Flextronics set to acquire India's FedTec

**As it builds a portfolio of high-tech staff and intellectual property in India, Singapore-based Flextronics has added yet another Indian company to its string of latest acquisitions – Federal Technologies Ltd (FedTec).**

FedTec, which designs set-top boxes and multimedia players and makes engineering designs for digital products and licenses them to equipment manufacturers, says that the deal value has not been worked out yet, but shareholder approval for the buyout of the com-

pany listed on three of India's regional stock exchanges is expected to be a mere formality.

Bangalore-based FedTec has around 110 employees and an annual revenue of US\$1.5 million.

Last year, Flextronics acquired a majority in the then Hughes Software Systems Ltd., since renamed Flextronics Software Services, as well as a 100% stake in Madras-based privately held Future Software Limited.

Headquartered in Singapore, Flextronics is a leading Electronics Manufacturing Services (EMS) pro-

vider focused on delivering innovative design and manufacturing services to automotive, industrial, medical, and technology companies. With fiscal year 2005 revenues of US\$15.9 billion, Flextronics helps customers design, build, ship, and service electronics products through a network of facilities in over 30 countries on five continents. This global presence provides customers with design, engineering, and manufacturing resources that are vertically integrated with components to optimize their operations by lowering their costs and reducing their time to market. ♦

*By Shanti Anne Morais*

## Alcatel wins largest IP Contact Center project in South Korea

**Alcatel has been awarded the largest Internet Protocol (IP) Contact Center project in South Korea by Daesung Global Network, a wholly owned subsidiary of the Daesung Group.**

The project will include the deployment of more than 800 IP contact center seats by the end of 2006 to support Daesung's strategy to broaden its enterprise offerings with outsourced contact center services.

The converged voice and data communications solution will improve network reliability and the overall communications experience for Daesung's staff, clients and their customers. During the first phase, it will serve more than 400 agents and handle 100,000 inbound calls and more than 350,000 outbound calls every month.

Daesung Global Network has selected the Alcatel OmniPCX Enterprise IP-Telephony platform along with Genesys contact center software to reduce Daesung's telecommunications costs, boost agent productivity, simplify IT operations by unifying call reports from different systems, and improve information visibility. As a result of this deployment Daesung expects to reduce operating costs on a year-on-year basis from 2005.

"Alcatel's success in winning this highly competitive contract together with its Business Partner, BENIT, demonstrates that IP Contact Centers

based on Alcatel OmniPCX Enterprise with Routing Services Intelligence (RSI) and Genesys call center technology are the ideal deployment model for outsourced Contact Center solutions," notes Clifton Yong, senior vice president, Asia Pacific, for Alcatel's Enterprise Solutions.

"The Alcatel IP solution will enhance our ability to provide advanced managed communication services solutions to our clients, which include inbound and outbound call routing and reporting with real-time and historical data," explains Kang Seok-Ki, COO of Daesung Global Network.

Alcatel's OmniPCX Enterprise platform is an IP communications platform for medium and large enterprises. The Genesys contact center software enables intelligent routing and reporting of customer interactions across voice, e-mail and web channels. Both offerings are key building blocks from Alcatel's broad range of Managed Communications Services offerings, which also include hosted IP telephony, unified messaging and instant conferencing and collaboration.

"Alcatel has made a firm commitment to deliver enterprises flexible Managed Communication Services with service provider partners worldwide and our work with Daesung Global Network is proof that we are delivering on this strategy," adds Yong. ♦

## Anti-spam technique that helps identify junk mail developed



**Researchers from IBM and Cornell University have developed an anti-spam technique called "SMTP Path Analysis" that examines information embedded in email messages displaying the route it has taken across the internet.**

The technique allows the user to classify whether or not a new message is electronic junk mail. The algorithm studies Simple Mail Transfer Protocol (SMTP) information, which is added to an email message "header" as it is passed between servers on the internet.

This remains hidden when a message arrives in a recipient's inbox but can be used to retrace its steps between different mail servers. The SMTP Path Analysis algorithm "learns" by examining the string of internet protocol (IP) addresses included in both spam and legitimate email headers.

When a new message arrives, it is then able to judge, with relative accuracy, whether it is legitimate or, in fact, unwanted spam.

Barry Leiba, one of the researchers, at IBM's Thomas J Watson Research Center laboratory in New York, said the algorithm is not meticulous enough to efficiently catch spam on its own, but works well in combination with content filtering. ♦

## HK local companies recognized for business adoption of Linux

**This month, fourteen Hong Kong companies were recognized at the Linux Business Award 2005 ceremony, jointly organized by the office of Government Chief Information Officer (OGCIO), the HKSAR Government, the Hong Kong Productivity Council (HKPC), and the Hong Kong Linux Industry Association (HKLIA).**



The Award was divided into two categories – the Business Adoption Award and the Product Development Award. The total number of entries for this year increased by

50% from 2003 and entries came from different industry sectors including IT services, plastics injection molding, electronics, sea transport logistics management, hotel management, education and so on.

The Grand Award winner of the Business Adoption Awards – Industry Based Application was Fleet Management Limited.

The Product Development Awards – Enterprise Business Application went to Infrasys (HK) Ltd.

The Product Development Award – Infrastructure Building and Commu-

nication Application winner was the Center for E-Commerce Infrastructure Development, The University of Hong Kong, while

The Product Development Award – Linux Appliance was won by Chen Hsong Holdings Ltd.

Winners of the Merit Awards included Champion International Development Limited, Hong Kong St. John Ambulance, Caritas Bianchi Lodge, ADP Pentagon Pets Ltd, Hectrix Limited, BroadLearning Education Asia Ltd, Outblaze Limited, Global e-Business Services Limited, Pixel Magic Systems Ltd, and Avant-Wave Limited.

At the ceremony, Edmund Sung, acting executive director of HKPC noted, "Linux is the fastest growing operating system in the market now with applications spanning both public and private sectors. Offering easy access to the adoption of information technology (IT) for business or community users alike, Linux has facilitated the development of IT products and services."

He also commented on the results of a study of the adoption of Linux in Hong Kong, conducted from December 2004 to March 2005, which surveyed 188 local SMEs who have either already adopted Linux or are

planning to adopt the platform. The survey found that on the whole, local SMEs are only in the initial phase of Linux adoption.

In the case of those who have already adopted Linux, 50% said that Linux only accounted for less than 10% of their application software, while more than half said that their Linux-related IT investments were less than 5% of their total IT investments.

"The lack of technical know-how and professional support to solve operation problems, as well as software and hardware compatibility are the difficulties cited by SMEs in Linux adoption."

"He added, "Through this Award, we hope to raise the awareness of the business sectors on the possibility of Linux, and promote successful applications on the Linux platform to encourage a wider adoption of Linux."

The Award presentation ceremony was a highlight of the Linux business promotion program organized by the OGCIO, HKPC and HKLIA from April to July 2005. The program also included the Linux Solution Seminar and Linux Application Awardee Seminar. ♦

## Symbol Technologies launches new mobile computers for rugged environments

**Symbol Technologies has recently introduced its MC1000, a new value-priced enterprise mobility tool designed to improve operational efficiency in the retail, manufacturing, warehouse and logistics industries.**

The new MC1000 expands Symbol's rugged mobile computer product portfolio with a feature-rich handheld device that enables organizations to automate processes.

It also provides flexibility for data capture and numeric entry applications such as inventory management, stock checking, delivery confirmation and other scan-intensive applications. Potential end-users include retail clerks responsible for inventory management and re-ordering, warehouse and distribution workers in charge of shelf audit, picking and cycle count, and delivery persons and route accounting drivers handling delivery confirmation.

"As a global market leader in rugged mobile computing, Symbol is further expanding its product line to offer a handheld computer that provides emerging markets and small to medium-sized businesses with an enterprise tool to meet business needs," says Chester Pribonic, vice president and general manager of mobile computing, Symbol

Technologies. "Symbol aimed to design the MC1000 to be more user-friendly and versatile than other value-priced handhelds on the market and to deliver a total enterprise mobility system that can help organizations reduce costs, improve productivity, and increase profits."

Possessing the ability to upgrade its memory and wireless capabilities, the MC1000 also offers a laser scan engine for data capture and utilizes the standards-based Microsoft Windows CE operating system.

The new mobile computer can be equipped with Symbol's Mobility Services Platform (MSP) to collect and monitor product information and then deliver critical terminal information to a centralized Symbol MSP console. This feature enables customers to better address the growing challenges associated with deploying, managing and maintaining enterprise mobility systems. It also enables enterprise operations personnel to deploy the MC1000 mobile computer and provision software upgrades and fixes with a single command.

Symbol's Global Services Division offers a suite of services designed to meet the support requirements of mobile products in the enterprise. The MC1000 is currently available to order globally. ♦

## South Korea fear China-ASEAN FTA will hurt its exports

**According to the Korea International Trade Association (KITA), the implementation of a FTA between China and the Association of Southeast Asian Nations (ASEAN), will negatively affect South Korea's export competitiveness.**

The China-ASEAN FTA is expected to create the world's largest economic bloc, with bilateral trade amounting to US\$1.2 trillion.

KITA predicts that the pact will cause disadvantages such as high tariffs for South Korean industries such as petrochemicals, textiles, shoes and electrical and electronic products.

It also said that more than 21% of South Korean exports to China will be subject to tariffs of over 10% points higher than those for China-bound ASEAN shipments in 2010, when the FTA will be fully implemented. By this time, the FTA will impose no duties on more than 90% of the trade between China and ASEAN members.

In view of this, KITA urges that "South Korea should speed up FTA negotiations with ASEAN to lower tariffs in the region."

Currently, the FTA between South Korea and ASEAN is expected to take effect in the latter half of 2006.

Once this FTA comes into play, duties on 80% of goods traded between Korea and ASEAN nations will be removed.

In 2003, China claimed 12.1% of the ASEAN import market with US\$28.4 billion, while the latter held 11.1% of the Chinese import market with US\$45.7 billion. South Korea on the other hand held only 6.8% of the ASEAN market, and 10.4% of the Chinese market in the same year. ♦



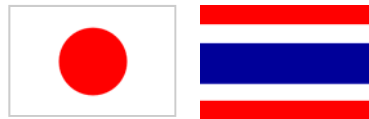
## Nakagawa to visit Thailand to reach basic FTA accord

**Japan's Economy, Trade and Industry Minister Shoichi Nakagawa will visit Thailand possibly on July 31 in a bid to strike a basic deal on a bilateral free trade agreement in time for the end-of-July deadline set by the two countries said government officials.**

Nakagawa may meet with Thai Deputy Prime Minister Somkid Jatusripitak to put the finishing touch on negotiations, said government sources.

If the minister succeeds in reaching the basic accord, Thai Prime Minister Thaksin Shinawatra could visit Japan as early as August to formally forge a framework agreement with his Japanese counterpart Junichiro Koizumi.

Nobuhiko Sasaki, deputy director general for trade policy at the Trade Policy Bureau in the Economy, Trade and Industry Ministry, and other government officials will also soon visit Thailand to lay the groundwork for ministerial talks, they added.



An FTA deal with Thailand would be the fifth for Japan, which already has FTAs with Singapore and Mexico and struck a framework agreement with the Philippines last November and with Malaysia in May this year.

The two countries launched formal FTA talks in February 2004 and have since held eight rounds of talks. Major stumbling blocks currently exist on the liberalization of industrial goods, with Thailand being reluctant to agree to Japan's request to eliminate tariffs on such items as steel and automobiles by 2010, as it wants to protect local industries.

However, sources say that during the latest vice-minister level negotiations earlier this month in Tokyo, Thailand offered concessions on auto parts and steel.

In June, Nakagawa met with Somkid and offered a detailed explanation on a package of cooperation programs to help Thai industrialization, including personnel training and educational programs. Such a proposal was offered to gain greater access to Thailand's steel and auto markets. ♦

## Canada soon to launch FTA deal with South Korea

**In an effort to play a more active role in the booming Asian trade landscape, Canada is said to be close to starting formal free-trade negotiations with South Korea.**

 Prime Minister, Paul Martin, is expected to travel to South Korea in November this year for an annual summit of Asian-Pacific leaders – a natural opportunity to continue to promote freer trade between the two countries and to help advance an arrangement he initiated last November after meetings with the country's president Roh Moo-hyung.

However, Canadian trade officials have already struck controversy as some industry sectors especially the shipbuilding and automobile industries, are opposed to "freer" trade with what they complain is a competitor with unfair advantages.

Canadian Trade Minister, Jim Peterson is currently working on a free trade pact agreement with his South Korean counterpart, noting, "We've been talking to South Korea on an ongoing basis and the question of if and when we start official negotiations is one that will probably be concluded sooner rather than later."

He cautioned though that even if formal free trade negotiations begin soon,

their complexity means a deal could be as far as two years of.



South Korea is already a huge market for Canada, yet an official FTA between the two countries would mark a rare formalized pact for Canada with a country beyond North America. Currently, Canada has FTAs with the United States, Mexico, Chile and Costa Rica, but outside the continent, Israel is its only formal free trade partner. A larger continental deal is currently in the works with more of the Americas and the European Union. ♦

## Vietnam and China conclude negotiations

**Historical enemies, Vietnam and China, have pushed aside territorial disputes to successfully conclude negotiations on bilateral market access, smoothing the way for Hanoi to enter the World Trade Organization (WTO).**



Vietnam is hoping to enter the WTO by the end of 2005 and a number of negotiations are ongoing, though talks with China, Vietnam's number two trading partner after the European Union, are key.

Hanoi needs access to China's huge markets, analysts say, as well as Beijing's approval of its WTO bid. Vietnamese reports say trade with China, which reached a record US\$7.2 billion dollars last year, will probably reach US\$10 billion dollars by 2007. ♦

## Bangladesh will soon vet South Asian FTA pacts

**Bangladesh will appoint an international trade consultant to vet trade proposals with South Asian countries to ensure they are beneficial for Dhaka.**



This comes in the wake of the government saying that it will not resume negotiations for bilateral FTAs with South Asian countries like India, unless such pacts have a positive impact on Bangladesh's exports.

India, Pakistan and Sri Lanka had recently approached the Dhaka government for the resumption of negotiations on bilateral trade agreements. Bangladesh's commerce officials have notes that the next round of FTA-talks with these countries will only resume once the proposed study is completed. ♦

## Asia welcomes new financial landscape after China forex move

**Asia has embraced a new financial landscape after China finally moved away from its peg to the dollar.**



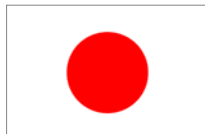
With regional governments and analysts mostly applauding Beijing for the move, Asian currencies have been tipped to appreciate in the long-term, especially since China's announcement that it had abandoned the yuan peg for a managed float against an undisclosed trade-weighted basket of currencies.

According to analysts, the region's economic growth rates are set to get a boost. They have also predicted that China's move would inevitably be the start of a long process of the yuan regime becoming more flexible. Analysts say an appreciating yuan would accelerate the current trend of appreciating Asian currencies while boosting the region's reflating economies because strong currencies should attract capital and discourage the export of savings, adding to demand for Asian assets.

The yuan was revalued at 8.11 to the US dollar compared to 8.28, a 2.1 percent revaluation. It will be allowed to trade 0.3% either side of

a daily fixed rate and trade in a managed float against a basket of trade-weighted currencies. Immediate impact was felt in Malaysia, which soon after China's announcement, also declared that it had scrapped the ringgit's seven-year-old peg to the dollar in favor of a managed float. The Malaysian business community welcomed the move saying that the yuan-triggered revaluation of the ringgit was an important step in making the Southeast Asian nation a more attractive destination for investors while helping the local economic liberalization process.

China's move came after sustained pressure from the United States and other Western nations worried about China's perceived trading advantage with an artificially weak currency unfairly boosting the nation's exports. Yet, China was always firm that it would not bow down to outside pressure and would make its move on its own terms and when it felt it was the right time.



Japan, the largest economy in Asia and China's biggest trading partner, was one of the first to urge still greater yuan flexibility, while welcoming the first step.

"A shift to a basket-trading system of the Chinese yuan is positive for the Chinese and global economies," said Minister for Economic and Fiscal Policy Heizo Takenaka.



Heizo Takenaka

"While the movement of the Chinese yuan is expected to be limited in the near-term after the introduction of the new trading system, it will affect corporate as well as the export activity of Japan in the mid- to long-term," he added. He also expressed his desire for the yuan to become even more flexible if possible, saying, "We will be watching closely whether the Chinese monetary authorities manage the currency trading system more flexibly and in a more market-driven fashion in the long-term."

Around the world, economists were in no doubt that China will loosen the peg further saying that the greater question was when.

Other governments around the region welcomed China's revaluation, although they also emphasized that the 2.1% appreciation in itself would not have a major initial impact. ♦



## Malaysia's managed float move leads to more powerful ringgit

**Within an hour of China's revaluation of the yuan, Malaysia scrapped its ringgit's seven-year peg to the US dollar and opted for a managed float system.**



The governor of Bank Negara Malaysia, the country's central bank, Dr. Zeti Akhtar Aziz, said the Malay-

sian government had been keeping a close watch on the ringgit's performance against a basket of currencies, adding, "The government felt that the domestic currency was now very close to its fair value."

With the unpegging, the ringgit will no longer have a pre-determined exchange rate. Bank Negara will manage its value against the currency basket. Zeti said the ringgit was not likely to deviate too much from its peg of 3.80 to the greenback.

She also reiterated that the managed float was adopted to replace the US\$-RM3.80 peg, which Malaysia adopted in the wake of the Asian financial crisis in 1997, because of significant

structural changes in the region, including China's decision to end the yuan's fixed rate regime. She added that the central bank would monitor the exchange rate against a currency basket to ensure that the exchange rate remained close to its fair value. "Promoting stability of the exchange rate continues to be a primary objective of policy," she noted. "At the same time, the stability of the ringgit's exchange rate against regional currencies would become increasingly important and such stability can best be achieved by maintaining the value of the ringgit against a trade-weighted index of Malaysia's major trading partners."



Abdullah Ahmad Badawi

Prime Minister Abdullah Ahmad Badawi also said that he expected the ringgit to be stable and did not expect much volatility, adding that Malaysia's move would be positive "for the economy and the market".

According to government officials, the decision to revalue the ringgit was definitely closely linked to China's move. The country's economic managers are said to have discussed the matter with Abdullah months ago and decided to unpeg the ringgit the moment China revalued the yuan.

Malaysia's move to switch from dollar to a currency basket comes six months after former prime minister, Mahathir Mohamad suggested it was time to review the peg.

In recent years, many economists have complained that the ringgit had begun to look significantly undervalued. Therefore, the de-pegging of the Malaysian currency has sparked enthusiasm among investors, with share prices on Bursa Malaysia opening substantially stronger.

They noted that a stronger ringgit will allow the central bank to combat inflation. Malaysia's inflation last month accelerated at the fastest pace in more than six years. Consumer prices rose 3.2% in June, the most since February 1999 following repeated hikes in fuel prices. ♦

## FTAs will reshape Asia's automotive market: KPMG report

**Free Trade Agreements (FTAs) being implemented across Asia are set to fuel a major shift in the make-up of the region's automotive and components markets.**

A report from KPMG in China states that integration will be the buzzword in the next few years as numerous firms scramble to establish themselves in the new cross-border business model which is defining this booming market.

The report also suggests that expectations seem higher than ever before and that smaller component manufacturers and indigenous car companies will struggle in the re-shaped Asian market, with many companies involved in the region forced to re-strategize.

Mike Steventon, head of automotive, KPMG UK remarks, "By the time the decade draws to a close, Asia can be a passenger car market as large as North America or Europe. However, the advent of further FTAs and the emergence of major manufacturing centers in places like India and Thailand mean that addressing this market is no longer simply a consideration of how much capacity you pump into China."



"By 2009, it is expected that car production in Asia will have hit 17 million units, putting it on par with Europe. However, while the vehicle manufacturing sector continues to grow, the component manufacturers should not be left behind."

"In fact, not only may the component sector be serving the 17 million unit manufacturing sector, it may also grow to become one of the most cost-efficient sources of components for the rest of the world. As with car companies though, the long tail of smaller firms without the ability to invest in new equipment and technology may quickly find themselves with no place to go. At the same time, overseas component firms are scrambling to supply the car firms in Asia and are being forced by circumstance to come up with a strategy for Asia sooner rather than later," he adds.

The report outlines three scenarios on how the Asian automotive production landscape may develop in the next decade:

### Scenario 1

The auto markets throughout Asia become closely integrated with production moving to the most efficient markets;

### Scenario 2

China and India become dominant production centers for their own growing markets and for export to other markets;

### Scenario 3

Asian auto markets remain fragmented with little regional trade as a few countries become large domestic markets. ♦

## Managed Services market holds the key to new partnership opportunities in APEJ

**IDC's inaugural Asia Pacific (excluding Japan) – APEJ - Managed Services Study, has revealed that the Managed Services market in 2004 topped US\$13.26 billion and US\$208 million for the enterprise and telecom carrier markets respectively.**

In Q1 2005, this was US\$3.4 billion and US\$63 million respectively. IDC forecasts that the combined market will exhibit growth of 8.8% to reach US\$14.6 billion in 2005. However, Value Added Managed Services (VAMS) are expected to grow almost 15% in 2005 and it is this segment that has caught the attention of Managed Services providers, opening up new opportunities for them.

sector, which it says will provide a unique selling opportunity for the telcos who are aggressively finding opportunities to expand their addressable markets.

Ho elaborates, "There is a strong tendency for SMBs to opt for a single party for all their managed communications services need. Telcos who are the sole providers for managed connectivity will be the de-facto choice of many SMBs."

This is also the canvas on which networking vendors have decided to actively develop strategic relationships with telcos across the region. The resale of networking equipment to telcos for their managed service bundling amounted to US\$94 million in 2004 and almost US\$24 million in Q1 2005.

"Telcos must and have started to realize that they cannot be a one trick pony to thrive," says Ho. "Instead, a supermarket of managed services products is essential."

Telecom operators are advised to quickly form partnerships beyond the networking vendor community, and to reach out to software vendors in order to successfully exploit the growth in VAMS like managed applications.

"Partnerships and alliances are vital as they give telcos the breath in expertise required to catapult them into the big league of professional services. If telcos execute well here, they will become formidable competitors in this marketplace," notes Ho.

In Q1 2005, Managed Connectivity, Managed Networks and Internet

Data Centers/Hosting were the largest three categories of Managed Services.

IDC believes that for Managed Services providers to take advantage of the potential in this industry, they should develop close relationships with their customers and enterprises to understand how they want to utilize and take advantage of converging networks and applications to improve and increase efficiency and productivity. Wireless telecom operators are also moving into a new era with the launch of next generation data and media services on the mobile phone. They are looking towards managed services as a way to reduce costs and improve reliability/availability yet free up management time to focus on new business challenges.

"Enterprises and telecom operators are looking for easy integration of applications into their converged networks and systems but there are definitely no standard box solutions," adds Ho. "Enabling this smooth transition will give confidence to all concerned to allow third parties to manage their networks and applications."

In Q1 2005, the leading IT Vendors providing Managed Services were CSC, Datacraft, Fujitsu, HP Services IBM Global Services and NCS. Alcatel, Avaya, Cisco, Ericsson, Nokia and Siemens were the top players in the networking vendors segment. For the Telecom Operators segments, the leading players were AT&T, China Telecom, CHT, Equant, Korea Telecom, Optus, PCCW, SingTel, Telecom Malaysia and Telstra. ♦



Adrian D. Ho

"Managed Services brought together a panoply of players in 2004 as it was seen as rich pickings," explains Adrian Ho, senior market analyst, networking research, IDC Asia Pacific. "Telcos across the region rolled

out Managed Services offerings and made acquisitions to mitigate stagnant data revenue. Network equipment vendors pursued strategic tie ups with telcos, while IT service providers refreshed their managed services portfolio to mark their territory against new competitors."

While leading IT services vendors will continue to be seen as scions in this industry, IDC expects a flurry of activity to take place in the small and medium-sized business (SMB)

## FTA-News: Vietnam going all-out to meet growth target

**Vietnamese Prime Minister Phan Van Khai has ordered an all-out effort to achieve second-half economic growth of 9.3 % after expansion in the first six months left the country struggling to hit its 2005 target.**

The countries ministries have been urged to create "favorable administrative procedures" to help firms in both the state and private sectors do business better.

The last time Vietnam did not meet its GDP growth plan was in 2001 when economic expansion of 6.8% was short of a 7.5% target. Officials say sluggish growth in the industrial sector, a lack of competitiveness in exports and a widening trade deficit were dragging on economic growth this year. The industrial sector, which generated a third of gross domestic product in the first half of 2005, was 9.8% greater than a year earlier, but this was down from 10.6% growth in the first half of 2004.

In the first six months of this year, the trade deficit surged 45% from a year earlier to US\$3.56 billion as exports slowed. Exports rose 17.4% to US\$14.44 billion from a year earlier, down from 19.8%.

Imports in the January-June period jumped 22% to US\$18 billion, compared with 14.7 % in the first half of 2004.

Vietnam is the world's top producer of robusta coffee and black pepper, and exports around 356,000 barrels per day of crude oil.

Economists say fluctuating prices of key imports such as petrol, fertilizer and steel represent major obstacles to growth and worsen inflation which was 5.2 % higher in June than at the end of December. ♦



Phan Van Khai

## Lenovo regains top spot in the APAC PC Market in 2Q 2005

**The Asia Pacific (excluding Japan) PC market totaled 9.5 million units in the second quarter of 2005, representing a sequential growth of 7% and a robust 17% year-on-year growth, says IDC.**

Total 2Q 2005 PC shipments came in above IDC's initial forecasts, with most country markets performing better than expected.

"The PC market gave another impressive performance this quarter throughout most countries in the Asia Pacific region," notes Bryan Ma, associate director of personal systems research at IDC Asia Pacific. "Lenovo also regained its top spot by not only riding on the seasonal recovery in China, but through its newly-acquired IBM Personal Computing Division (PCD), which provided Lenovo with an even more significant lead over second-place HP."

With IBM's PCD numbers now firmly behind it, Lenovo surged well past HP to take back the number one position in the region. Nevertheless, runner-up HP also performed well in the second quarter with robust double-digit year-on-year growth across almost all of the markets. Similarly, Dell's total PC shipments also recorded double-digit year-on-year growth rates in 2Q 2005 in almost all countries.

### Country Highlights

In the critical Chinese market, consumer interest was boosted by increasingly lower prices as well as demand for desktop PCs from the government, education, and telecommunication sectors.

Korea also beat expectations as a result of price competition, despite its seasonal slowdown in the second quarter and Trigem's troubles.

Meanwhile, Australia's PC shipments posted a strong showing thanks to tenders as well as increased notebook activity.

"The Singapore PC market fell sequentially in 2Q as many SMBs had already completed their IT purchases before the start of the new fiscal year in April. Furthermore, the PC Show in June resulted in mixed outcomes for the participating vendors, with many finding that sales

were not as robust as the earlier IT Show in March," says Reuben Tan, senior analyst of personal systems research at IDC Asia Pacific. "However, the market still beat expectations, with tertiary institutions' student purchase programs being the saving grace for the notebook market."

Hong Kong's portables received a boost from the availability of Sonoma-based notebooks in the second quarter. While demand for desktop PCs dropped in the government sector, this was offset by greater demand from the commercial and education sectors.

Taiwan was the only market to register a year-on-year decline in PC shipments, due to a continuing delay in a major government tender. The closure of several channels during the second quarter also affected the market. ♦

### Asia Pacific (ex. Japan) PC Shipments by Vendor, 2Q 2005 (Preliminary)

Rank	Vendor	2Q 2005 Market Share	1Q 2005 Market Share	2Q 2004 Market Share	Year-on-Year Unit Growth
1	Lenovo	19.0%	10.9%	11.7%	90.9%*
2	HP	12.3%	11.6%	10.7%	34.4%
3	Dell	9.0%	7.6%	7.1%	47.9%
4	Founder	5.5%	5.3%	5.2%	25.9%
5	Acer	4.9%	4.7%	4.2%	34.6%
	Others	49.3%	59.9%	61.1%	-5.4%
	Total	100.0%	100.0%	100.0%	17.2%
1	Lenovo (merged)	19.0%	16.5%	18.8%	18.6%*

*Note: \*Data for Lenovo includes shipments for IBM PCD (including Desktop and Portable PCs and excluding x86 Servers and Personal Workstations) starting in 2Q 2005, and only Lenovo data for prior quarters. This reflects the legal status of the companies, which merged during the second quarter of 2005. For historical growth analysis however, IDC has provided a merged IBM PCD + Lenovo line item at the end of this table.*

## APEJ BI market holds a lot of promise

**The Asia Pacific excluding Japan (APEJ) Business Intelligence (BI) tools software market should grow strongly at a CAGR of 12.3% to reach US\$417.3 million by 2009 says market research firm IDC.**



"Despite the mergers and acquisitions in recent years, the BI tools market in APEJ is relatively immature and fragmented with both international and local vendors in the scene", says Sharon Tan, market analyst, software research, IDC Asia

Pacific. "Moreover, there is downward price pressure as both database vendors and enterprise application vendors incorporate BI functionalities in their product offer-

ings in these related markets, at little or no additional costs."

Tan adds that many users in this region are expected to get their first taste of the benefits that BI can offer from these products. In fact, IDC expects that this will pave the way for further investments in more sophisticated BI tools software in the later years of the forecast period.

Much of the growth in the region is expected to be from the developing economies of China and India. The more robust economic conditions in these countries and increasing application deployments in recent years are setting the stage for BI tools adoption in the next 5 years. However, Australia, with its matured IT infrastructure and developed economy, will remain the largest market for BI tools software throughout the forecast period, predicts IDC.

*(Continues on page 12)*

### Web conferencing and team-based collaboration markets converging

The growing demand within organizations for real-time and team-based collaboration technologies will drive the worldwide Web conferencing and team collaboration software market to US\$681.7 million in 2005, marking a 16% increase over 2004, says Gartner Inc. By 2008, the market is expected to reach US\$1.1 billion.



"The markets for Web conferencing and team-based collaboration, while still in an early phase of adoption are converging and transitioning," says Tom Eid, vice president and research director for Gartner. "Vendors are providing

more integrated collaboration functionality spanning a variety of content, communication and collaboration technologies. Overall adoption will continue to increase as these technologies become more integrated with business processes."

Gartner analysts add that other forms of collaboration (not included in this forecast), such as instant messaging (IM) and video conferencing, will also see increasing demand. IM is anticipated to become as popular as e-mail and, through the use of international standards, interoperate with other communication types. Video conferencing will evolve to the desktop to support ad hoc conversations and become better integrated with Web conferencing and IM.

Web conferencing and team collaboration technologies will be provided as part of line-of-business applications, as well as ways to augment information access technologies, such as portals,

**Table 1: Worldwide Web Conferencing and Team Collaboration Software Market New License Revenue, 2004-2008 (Millions of Dollars)**

	2004	2005	2006	2007	2008
Total Revenue	587.8	681.7	810.8	970.2	1,153.4

Source: Gartner (June 2005)

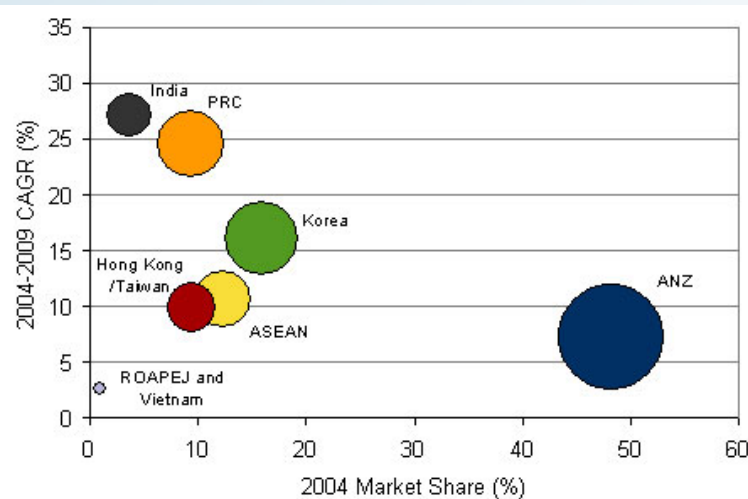
Collaboration technologies, especially Web conferencing, have been used most frequently in North America. The Europe, Asia Pacific and North America regions are all expected to meet or exceed the worldwide growth rate in 2005 with forecast increases of 16%, 20% and 16.3 %, respectively. Japan and Latin America are forecast to grow 12.4% and 10.2%, respectively.

"Cultural differences play a strong role in the adoption of collaboration technologies," notes Eid. "It is more common in North America and Europe to have meetings and other forms of interpersonal communication supported by collaboration tools. In other geographies, such as Latin America, e-mail is used as the primary mode of communication in lieu of horizontal collaboration technologies. In the Asia Pacific and Japan, face-to-face meetings are preferred and, at times, business travel for meetings is seen as a privilege."

Web conferencing collaboration products support interaction between participants in real-time, in a meeting or presentation format. They include file, screen and application sharing, chatting and electronic whiteboarding. Team-based products provide shared folders and workspaces, threaded discussions and document-based collaboration and primarily through asynchronous behavior. Team-based technologies provide a persistent, easy-to-access archive of discussions and stored content. ♦

From Page 11—APEJ BI market holds a lot of promise

### Asia Pacific (Excluding Japan) Business Intelligence Market Outlook, 2004-2009



Once again, the traditional early adopters of technology – the banking and the telecommunication sectors - have been the two largest verticals in terms of BI tools software revenue with a combined market share of more than a quarter of the APEJ market since 2003. In the case of both industries, the data intensive nature and increasingly competitive landscape helped drive BI tools software investment. Besides the banking and telecommunication sectors, other verticals that have experienced high growth in the BI tools market over the past year include the resources industries, media and education. While growth in these markets is originating from a small base, it does hint at the potential for the BI tools software market beyond the usual suspects. ♦

Source: IDC, 2005

## Building Profitable and Loyal Channel Relationships

### Part 1 of a 2-part series

#### Selecting the right distribution model for maximum business gains

In our quest for profitable and loyal channels, it is worth remembering what B.C. Forbes, the Scottish writer, once said, "Any business arrangement that is not profitable to the other person will in the end prove to be unprofitable for you. The bargain that yields mutual satisfaction is the only one that is apt to be repeated". It is critical to keep this in mind as we evolve our channel strategies to keep pace with our ever-changing businesses.

With the exception of Dell Computer, who has perfected its direct sales model in the last 20 years, most IT vendors today find direct sales to be an expensive option. Though Dell's online build-to-order sales model allows the company to hold only four days of inventory at any point in time – freeing Dell from the traditional channel sales woes of price protection, product returns, inventory carrying costs and inventory obsolescence – Dell's PC sales model is not a viable choice for most solutions providers.

So, how to choose the right channel model for your company?

Let's face it, some channels provide more value than others, but that value comes at a price. Many consumer IT products sold in retail outlets get there by traditional time and place distribution, where channel partners can be mostly focused on logistics – such as order processing, pick/pack/ship, inventory management, credit and invoicing. Especially for these high-volume products, vendors probably need a multi-tier distribution channel, with a heavy-weight, well-financed mega-distributor reselling to second-tier partners or retailers. When searching for a tier-one consumer products distribution partner, make sure to choose one with a strong MIS infrastructure and sound financial strength. Commodity products lend themselves to being sold in computer superstores with super distributors like Ingram Micro serving as potential tier-one partners, reselling to dealers or retailers.

However, more complex solutions targeted for enterprise users, require a more sophisticated value-added channel model, with partners offering pre-sales services – including marketing and lead generation, as well as post-sales support like technical training, troubleshooting and credit to second-tier channels or customers. If your product is specialized for a vertical market(s), you may need to find niche VARs and systems integrators to address those vertical markets.

To carefully select the right distribution model, you have to think through your criteria and understand the 5 C's to channels selection:

#### 1. Coverage

- What is the ability of your potential channel partner to reach your target customers and achieve your target market share and growth objectives?

- Does your potential channel partner have the sales contacts, industry knowledge and market insights to get you to where you want to go?
- What geography do you expect your channels to cover?

#### 2. Character

- How compatible is a potential partner to your company's desired positioning?
- What is your vision, where do you want to go and how will your channels help you to get there?
- Are you seeking a channel to move volume or add value? What kind of value add do you need? If you need a partner to help you generate leads, do they have the in-house expertise to develop and execute marketing programs?
- Investigate the channel partner's business practices, business plans, management expertise and commitment to the market. Are they aligned to your needs?
- Does this channel partner carry competitive products and do you care?
- Does this channel partner offer complementary products to yours that can be sold as bundled solutions?

#### 3. Continuity

- How long has the partner been in business?
- What kind of track record does your potential channel partner have with current and past vendors?
- Is this potential channel partner's growth strategy compatible to yours?

#### 4. Control

- How financially strong is this potential partner?
- What kind of margins will this partner require to launch and sustain your business?
- Review their P&L and balance sheet statements to see if they have the financial wherewithal to fund marketing campaigns, if required.
- Do they have the operational capabilities to drive your business?

#### 5. Cost

- What kind of investment will be required to establish and maintain this potential channel partner?
- Can this partner control its fixed costs?
- Think through the variable and fixed costs associated with sales, inventory holding, logistics, training, and support.

Needless to say, before you select a channel strategy and commit to partners, you have to fully appreciate the market dynamics and the competitive nature of the market. There are many third parties who can help you to assess a potential channel partner including other vendors, other channels, banks, chambers of commerce, trade associations and embassies or high commissions, if you are trading internationally.

## All Companies Need Strategy on Information Access in Internet Age



Companies need to examine and update their policies and technologies for managing rising volumes of once-secret information that can be retrieved without authorization by insiders and outsiders alike, strategy consultant and author Don Tapscott told Gartner this month.



Don Tapscott

"Effective management of secrecy-versus transparency issues can help companies build more trusting relationships with key stakeholder groups, ranging from partners, customers, employees and investors to public policy adversaries," he said.

"Every company needs a transparency strategy" to adjust to advances in information technology (IT), Tapscott added. "If you just nonchalantly fumble into this new age, punishment can be very swift. Most companies are just winging it. There can be all kinds of unintended consequences of being too closed or inappropriately open."

He has identified IT imperatives for an effective transparency strategy, including:

- Create an IT architecture, suite of applications and data structure for a more "open" enterprise. "If you're going to be honest, you need a single version of the truth"
- Understand interests of other parties by utilizing forecasting tools and models, data mining, and integrated communications across a variety of channels. "Amazingly, information released through one channel can be a disaster, but released through a different channel can be very positive"
- Monitor performance against goals, applying customer-relationship management (CRM) software that gathers information about stakeholders and also builds relationships with them. "Effective score-carding is about translating strategy and managing measurable actions"
- Develop IT systems to create transparency in the supply chain. "Effective portals, dashboards" and other communications devices "help employees, for example, better understand what is going on in their world"

"It turns out, as it often does in business, that information technology is crucial to implement a new vision and a new strategy," he explained. "By harnessing transparency, any individual company can differentiate, build trust and high performance, and compete."

Other key points by Tapscott include:

- A transparency strategy can ensure that privacy is protected. There is a danger that as more information is revealed about executive salaries at a company, for example, salaries of everybody in the company are made public. That would be a big mistake
- Many companies will attempt to appear transparent when they are not, but they will be found out. We call this 'apparent transparency'
- Certain minimal requirements for transparency are governed by law. Beyond that, there will be requirements governed by the tone of the market and by all different stakeholders.

"If you are a big company, chances are that you have a significant stakeholder web - a network of stakeholders scrutinizing your firm. Most big companies are not even aware that these things exist, let alone have a strategy to engage them"

*Tapscott is CEO of the New Paradigm Learning Corporation, based in Toronto, and author of 10 books, most recently (co-author David Ticoll) of The Naked Corporation: How the Age of Transparency Will Revolutionize Business. ♦*

### From Page 13 — Building Profitable and Loyal Channel Relationships

There are no rules about the right number of channel partners to engage. The newer you are to a market, the more restricted you might want to be in channel appointment to build loyalty with your channel as you gain market share. It then follows that the greater your market share, the more channel partners you can afford to have. And you can wield more influence over what you require your channel partners to deliver. You only want to add more channel partners when you have the margin to support your channel growth. To truly add to your customer base, you should add channel partners that are synergistic to those you already have.

It is easier to manage your channel partners if you can keep them focused on a geography or vertical market. If you know your existing channel partners' customer base and that of any potential channels, you can minimize overlap that will only erode your channel margins over time. ♦

By Cindy Payne, Founder and Managing Director, Asia Pacific Connections

**Part II to follow in our next issue: Understanding channel margins and sharing the cost of partnering.**



## SAP's winning SMB strategy

German software giant SAP has emerged as a top player in the small and mid-size business (SMB) market in the region, recording stellar growth last year.

In the Asia Pacific region, excluding Japan, software revenue from SAP solutions for SMBs nearly doubled in 2004 and the company is expecting even more for 2005. *Asian Channels* recently caught up with SAP's Pranay Mittal, director for SMB operations, Asia Pacific to get his thoughts on SAP and the Asian SMB scene.

**SMBs in the Asia Pacific region are increasingly adopting technology for their business. What is the reason for this trend?**

SMBs in the region are rapidly scaling up to become Ecosystem partners to larger vendor companies. The emergence of China, Taiwan and other parts of Asia as the manufacturing heartland of the world has made it imperative for these small and medium businesses to adopt globally accepted technology standards and platforms that enable them to do business seamlessly with their ecosystem.



Pranay Mittal

Standards are significant not just for business. SMBs are also looking at technology to provide the solutions to meet the appropriate corporate governance and legal compliance standards that have been promulgated.

Lastly, and most importantly, the next generation management in the SMB segment are tech-literate entrepreneurs who are keen to compete at the global level. The need for fast growth in a dynamic market and again, the availability of standards-based, scalable, affordable and easy to deploy and maintain solutions are vital for SMBs. The need to address market challenges on a real-time basis and improve compliance is driving this sector.

**How does an SMB go about getting an entry level solution?**

As a rule of the thumb, SMBs should adopt the following strategies in selecting technology solutions to manage their business processes:

- Select solutions that will ensure cost-effective and quick implementa-

tion, which will have a significant impact on achieving ROI fast.

- Focus on the big picture in terms of the long-term benefits of deploying the business software solution. SMBs should select a software solution that is scalable to meet their business needs as their business grows.
- Ensure that the software solution is in line with their companies' overall business goals and direction.
- Select vendors that partner with SMBs to provide the necessary support for solutions to be implemented quickly and cost-effectively with minimal disruption to the business.
- Adopt best practices to assist them as they aim to compete in the global market place.

**What business software is available for SMBs from SAP? Is there some way of classifying these different systems?**

SAP and its partners work very closely with our customers to ensure that they can get a solution that fits their needs. SAP has taken on a two-tiered channel-based approach to provide a solution for SMBs with basic ERP needs (SAP Business One) and those which require more industry specific capabilities (mySAP All-in-One solutions).

SAP Business One is designed to address the specific needs of emerging and dynamically growing businesses with several employees to several hundred. Delivered through a global channel of qualified SAP business partners the solution offers the core operations necessary to run successful businesses, including customer relationship management (CRM), accounting, reporting, sales and distribution, purchasing and warehouse and partner management. The CRM component of SAP Business One is unique as no other vendor provides this functionality in their basic ERP packages for this market segment.

mySAP All-in-One solutions are rapidly implemented, pre-packaged applications based on mySAP Business Suite. They are developed and delivered by SAP partners to mid-market businesses requiring a high degree of vertical industry capabilities in addition to core business functionality.

In FY 2004, SAP did see tremendous growth in its SMB business in the Asia Pacific. It is evident that our two-tiered SMB strategy is meeting the needs of SMBs in the region. We ex-

pect to sustain this momentum by continuing to work closely with our partners to continue to deliver scalable, affordable and flexible solutions to our customers.

**How can these SAP solutions benefit SMBs?**

Facing greater competition than ever across diverse industries, SMBs have a critical need to optimize business processes, cut operational costs, and improve customer acquisition and retention. Many of our new small business customers are turning to SAP for our SMB-focused solutions after initially making IT investments that proved incomplete or short term.

SAP's small business solutions are designed to give small business managers access to the most critical business information, without drowning them in reams of unnecessary data, giving them oversight of their entire business, and allowing them to use that information in a strategic way to propel their businesses forward. At the same time, SMB solutions are proven for their scalability, to be able to grow as our customers' business grows, thereby alleviating small businesses of the fear of having to rip out an old solution and start from scratch once they reach a certain stage of growth.

**Is SAP building a direct sales channel to sell to SMBs? Will this compete with its SMB Business Partners?**

SAP intends to add several hundred employees to its direct sales force to service companies in the high-end of the Midsize Business segment. SAP's existing model for indirect sales to companies in the Small Business market and the low end of the Midsize Business Segment through its Business Partners will not change.

**Can you tell us more about the plans to introduce a global partner program? When is this going to take place and which partners will be involved?**

SAP's SMB strategy is fundamentally based on the success of our valued partners. We have always and will continue to evaluate the best way to engage and support these trusted VARs and ISVs in the Asia Pacific in 2005. ♦

*By Shanti Anne Morais*

## Novell and Resolvo take giant step forward together with NLB win

**Novell took a huge step forward late last month with its business strategy in Singapore, winning the National Library Board of Singapore's (NLB) tender.**

The tender worth S\$14,000, was awarded to Novell's partner, Singapore-based Resolvo Systems, an open source solutions provider, for the deployment of 21 Novell SUSE Linux Enterprise servers and 220 Novel Linux Desktop licenses. Beginning this month, the NLB is conducting a three-month Linux desktop trial.

"This is a strategic win for Novell and the Open Source movement in Singapore. The significance lies not so much in the value of the tender, but in the endorsement that a government-linked organization has



Ernest Low

adopted an enterprise-side Linux migration. Prior to this, MINDEF was the only major government body to deploy Open Source," says Ernest Low, country manager, Singapore, Indonesia and the Philippines, Novell.

The NLB chose to go with Novell in response to its employees' frustrations with Windows, such as delays in starting up and shutting down as well as adware and spyware popping up very often, and slowing down the computers.

Low explains, "The NLB's infocomm department was seeking a server-to-desktop Linux solution that was easy to manage and catered to the specific needs of its users. Since Novell is the only Linux solutions provider that offers end-to-end, server-to-desktop solutions, it was not difficult to convince the NLB that Novell had the ecosystem to deliver and support the requisite enterprise-ready Linux solutions."

Kuan Sung, senior manager of NLB's infocomm division notes that while NLB already runs Linux on its backend servers, it is intending to upgrade its servers to Novell Linux Enterprise Server for added security and reliability,

A key advantage he sees in Linux, "It requires much less security updates and therefore, our system administrators can spend their time enhancing the system rather than merely fire-fighting."

Novell's Linux Desktop will be customized for NLB's employees so that it will be "easy to use and run faster." New versions of Open Source software will be installed on the NLB systems, including OpenOffice 1.9 beta.

**Asian Channels** also caught up with Resolvo Systems' Yap Boon Leong, director, business development, who together with the Open Source stalwart, were instrumental in winning the NLB project. He gave us more insights into the ongoing project.

**How are you working with Novell and the NLB on this project?**

The arrangement is that Resolvo will assist NLB in the rollout and will help increase user acceptance. Novell's role will be to assist in customer training by providing reliable training resources.

**Why do you think Novell and Resolvo were chosen to work on this project?**

It all boils down to vendor credibility and product reliability. NLB has been Resolvo's customer for a few years. We have been working closely with them in their Open Source adoption strategy. Novell is our complimentary technology partner whose products we recommended because they would add value to our customer, NLB.

**What are your expectations and hopes from this NLB project?**

We hope the end users at NLB will come to appreciate the fact that Linux as a platform is actually not difficult to use. From NLB's business perspective, we have already proven that a Linux-based solution has helped them to significantly reduce their IT infrastructure spend.

**Did you face any challenges/teething problems while working on the project? If yes, how did you overcome them?**

There will always be teething problems in an implementation and the way to overcome this is to work

closely with the customer. We maintain very frequent and open communication with NLB.

**What have you learnt from and what would you say has been your most valuable experience from this project?**

When adopting something new, it pays to take one small step at a time before rolling out on a bigger scale. Mutual communication between users and the vendor is also very important.

**How do you feel the NLB employees have responded taken to the new system?**

I believe they have been pleasantly surprised. Compared with what they have heard about Linux, they have enjoyed a very positive experience when they actually started using it.

**Did any of them have any misgivings about working with Linux and if yes, how did you allay them?**

No comments yet.

**What are the benefits of Novell Linux Desktops?**

Security, costs, ability to customize desktop interface to features that add value to the user experience and that are not found on Windows desktops.

**Can you talk about your experience working with Novell on this project and what you have gained from it?**

Novell has demonstrated a deep commitment to its partner-centric sales model and through its partner program called Novell PartnerNet, they have provided great support to ensure that this project is successful.

**How is it working with a partner like Novell and what do you expect from the partnership this year?**

We had a good start and I am confident that the outlook of this partnership is very promising. Earlier this year, Novell appointed Resolvo as its first Platinum Technology Partner in the Asia-Pacific. This technology partnership will allow both companies to leverage our complementary expertise and products in a joint effort to increase Linux adoption.

(Continues on page 17)



## HP now APAC's largest vendor of x86 servers

**HP recently revealed that the company has shipped 1.4 million HP ProLiant servers in Asia Pacific over the last ten years, since Q1 1995.**

According to IDC's Asia Pacific Quarterly Enterprise Server Tracker, Q1 2005, this makes HP the largest ever vendor of industry-standard x86 servers in the region based on cumulative shipments of HP ProLiant branded x86 servers sold since Q1 1995.

This announcement closely follows HP's major milestone announcement recently on the shipment of its 10 millionth HP ProLiant server globally. Maintaining a sharp focus on customer value addition, the company also announced several new systems and capabilities that are expected to accelerate HP ProLiant adoption in the region.

ProLiant servers have led the Asia Pacific market for 12 consecutive quarters.

In fact, according to IDC, HP extended its No. 1 position on a year-on-year basis with 26.5% unit shipment and 28.4% revenue shares in Q1 2005. The company also grew its x86-blade server units by 118.6% year-over-year.

HP, which shipped its first x86 processor-based ProLiant servers in 1993, has held the No. 1 ranking for worldwide x86 server shipments for 35 consecutive quarters which adds up to nearly nine years.

"HP's leadership in the x86 market means our customers look to us to innovate on standards and offer the systems most appropriate for their enterprises," says Tony Parkinson, vice president and general manager, Industry Standard Servers, Technology Solutions Group, HP Asia Pacific. "ProLiant server solutions will continue to succeed since they offer simplified deployment and management for cus-

tomers, allowing them to focus on their businesses".

With an aim to extend HP ProLiant leadership in the Asia Pacific, HP announced several new systems and capabilities, including:

- Latest Intel Xeon based four-way platforms;
- An expansion of the industry's largest AMD Opteron portfolio with Dual-Core AMD Opteron processor-based two-processor servers. The new servers can boost certain enterprise application performance by more than 80% over traditional single-core processor systems;
- Enhanced configuration and installation service to HP BladeSystem customers; and
- New HP Care Pack service offering integrated hardware and software implementation services for HP BladeSystem. ♦

# ASIAN INTERNET SECURITY SUMMIT

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**Date** 24<sup>th</sup> & 25<sup>th</sup> November 2005

**Venue** The Pan Pacific, Singapore

**Target Group** Top management, key decision makers and managerial level professionals

Seats are limited to 500 qualified participants.

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### Highlights

- Panel 1: Asian Anti Spam Symposium
- Panel 2: Asian Anti Spyware Symposium

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From Page 16 —Novell and Resolvo take giant step forward together with NLB win

**What do you expect from your partners and likewise, what do you think they expect from Resolvo?**

Value creation. For any partnership to be lasting and meaningful, both parties need to know clearly where they add value to each other, thus creating synergy in our customer engagement exercises.

**What do you think of the recent Singapore Open Source Alliance and its benefits for companies such as Resolvo?**

Resolvo, being a founding member, definitely sees a lot of positive benefits in this alliance. Being an industry-led alliance, it shows the will and collective commitment of the industry to support the adoption of Open Source. This movement, to a local company like Resolvo, means that the overall market pie will grow bigger in the near future for us. ♦

*By Shanti Anne Morais*

## Borland Development Center opens in Singapore

**Earlier this month, Borland Software Corporation opened its new, expanded research and development (R&D) center in Singapore.**

The centre cost S\$5 million SGD and will provide employment for up to 50 new Singaporean engineering staff. Designated the Borland Development Center, it is a joint initiative of Borland and the Singapore Economic Development Board (EDB). Advanced software for emerging Asia Pacific markets and building on new technologies in the area of application middleware are already being created in the Center.

"Reducing IT complexity is key to improving corporate agility and lowering ongoing IT support costs," says Michael Barnes, vice president, Research, Gartner. "In order to successfully exploit technology convergence, standards evolution and a services-based approach to application design, delivery and integration, leading organizations across the Asia Pacific are rationalizing software infrastructure

and middleware in support of business applications.

Key to this strategy is choosing vendors with proven solutions and a strong presence in the region."

"Since its inception, the R&D centre in Singapore has achieved significant successes for Borland's global development organization and now delivers application middleware technologies used by key customers worldwide. In the Asia Pacific, key customers including APIR, NSE.IT, Crim-track, DIMIA, HP, Infosys, Logica CMG, HP, Samsung Electronics, Wipro, Chung Hwa Telecom, LG Telecom, New World Telecom, Shanghai Mobile, SingTel, SK Telecom, and Telstra turn to Borland as an established market leader in application middleware for high-performance, low-latency, and transaction-intensive applications," notes Boz Elloy, senior vice president of software products at Borland Software Corporation.

On why Singapore was chosen, Julian Quinn, vice president for Borland Asia

Pacific, explains, "Singapore's relative geographic vicinity to the key growth markets of China and India, its vibrant economic climate and reliable technical, political and social infrastructure were among the key reasons for this strategic decision. Singapore is an ideal location for continuing to build upon our market leadership providing customers with unmatched value for their existing and new applications."

"In addition, the Asia-Pacific region represents a significant growth area for Borland and it is important for us to focus development efforts in this key market where customers across finance, government, IT and telecom industries have selected Borland application middleware products to maximize the business value of software architectures," he notes.

Incorporated in Singapore in 1992, Borland expanded its presence from sales and marketing oriented activities to research and development, finally becoming the regional hub for Asia Pacific in 2002. ♦

## Concerto Software introduces solution for Sri Lanka's small-to-medium sized contact center market

**Concerto Software has unveiled its unified contact center solution, Concerto Unified Edition in Sri Lanka, catering specifically to its small-to-medium sized contact center market.**

Based on the Concerto EnsemblePro platform, Concerto Unified Edition, the solution unites automatic call distributor (ACD) and predictive dialer functionality with voice self-service, Internet contact, monitoring, queuing, routing, recording, reporting, administration and agent empowerment capabilities in one package.



Distributed by Concerto's Sri Lankan partner, DMS Electronics, a system integrator dealing in business solutions and IT infrastructure, Concerto Unified Edition is said to be cost-effective

and features functionality for companies requiring a complete multi-channel contact centre solution.

"At DMS, we are packaging the Concerto Unified Edition to meet the specific need for a cost-effective solution in the small and medium contact centre market in Sri Lanka.

This bundled solution would enable organizations to setup and operate a contact centre within a very short time frame. It has always been our priority to support businesses in their efforts to provide superior customer service and we are proud to partner with Concerto in enabling organizations to provide their customers with the highest possible quality of service," says Chandranath, director/general manager, DMS Electronics Ltd.

Suntel, a telecom service provider associated with customer care and one of the leading fixed line wireless loop operators in Sri Lanka, recently worked with DMS to select Concerto's unified solution for their contact centre. Suntel expects the Concerto solution to help enhance its customer service processes and cater to the growth that they envisage subsequent to the launch of its Code Division Multiple Access (CDMA) network. ♦

## The phenomenon of Streaming Media

**More and more businesses and consumers have embraced the use of streaming media by accepting and expecting it as part of their online experience.**

As technology advances, content creation software and desktop media players require less expertise to create and view audio and video streams.

In fact, streaming media has now become an integral part of the Internet experience for both enterprise users as well as consumers. Streaming technologies allow users to view video, audio, or other multimedia presentations without the time-consuming need to download files to their own computers. Broadband access goes hand-in-hand with streaming media, saving time. Furthermore, streamed files are not saved locally on a recipient's computer, providing built-in copy protection.



### A brief history of time

The technology of streaming voice and media files live on the Web came about in the mid-1990s. As with other Internet technologies, this one owes its market growth to those that preceded it. Progressive downloading technology, starting right along with the advent of the Web, first allowed users to download audio and video files from the websites they were viewing. Unfortunately, it also required lengthy downloading times, made even lengthier by the widespread use of dial-up access, often at extremely low speeds. Push technology soon followed, allowing "pushing" requested content, such as stock quotes, to users' desktops which eased download times a little.

Many people have forgotten that streaming media actually first garnered attention even before the wide use of broadband access. In fact, it allowed users to begin accessing multimedia files before they were completely downloaded - a distinct advantage over its predecessors. Because downloading is still an integral part of accessing the data involved, speed is an important factor. With the advent and availability of broad-

band however, streaming media has been taken to another level. Without doubt, the arrival of broadband has driven the use of streaming media. Globally, broadband access continues to increase steadily.

Of course, the largest driver in the streaming media industry is the insatiable consumer demand for music and video. Streaming music and the Internet sales have developed into an ever-increasing industry of their own.

Another tool of streaming media - Webcasting - is both a result and a driver of streaming media technology. It allows transmitting visual and/or audio presentations online in real time, so that they can be accessed simultaneously by an unlimited number of users, much the same way as radio and television broadcasts are heard and viewed.

The use of standards will become more important in the streaming media marketplace. Until recently, major media players were not able to play streams created by another vendor's architecture at all. Because of this incompatibility, content providers were forced to support all major media players, while users had to choose a default player and ensure they were continually downloading the latest updates. This is a gradually improving area as some "crossing over" of players has been happening for a while. The biggest influence in standardization comes from the International Organization for Standardization (ISO), whose Motion Pictures Expert Group (MPEG) has defined a compression technique that has become a video format. MPEG-4, the latest version, uses Apple's QuickTime as its basis. Therefore, adherence to ISO's related standards-3GPP and 3GPP2-by any streaming video vendor provides automatic compatibility with QuickTime.



In addition, a non-profit group called the Internet Streaming Media Alliance (ISMA) hopes to soon make bigger strides with a specification it believes will bring interoperability and

compliance to open standards for all three parts of streaming: encoders (used to compress the audio or video signal), servers (which allow control over the number and quality of the streams sent), and players (which decode received data into a signal for audio or video). Version 2.0 of the specification became available on January 11, 2005.

The streaming media market is definitely growing, fueled by both business- and consumer-oriented drivers. Alexa Research estimates that every six months, the amount of streaming media on the Internet increases more than tenfold. Other reports place the streaming media software market at more than US\$800 million by 2007. While popular with the consumer, streaming media technology within enterprises is also increasingly gaining ground, often used for knowledge sharing and e-learning and thereby adding to an organization's ability to better communicate with its employees, partners and customers alike. It is also gaining in usage in the advertising field, as companies find that streaming their ads on Internet sites or as part of Internet broadcasts is perhaps even more effective than radio or television advertising.

### Knowledge Sharing

Customer service and support has become an important segment of the streaming media market. Upon the advent of the Web, businesses quickly learned that self-service customer support saved them money. Posting service-related documents where customers could easily locate them precluded the need for intervention by service personnel. These savings, and customers' problem-solving capabilities, have been increased by the use of streaming media. Instead of interminable call center wait times, customers prefer watching explanatory video clips online. Using streaming video and audio to explain product functions benefits both businesses and customers, saving money and increasing satisfaction.

### E-Learning

Businesses can utilize streaming media to deliver seminars, presentations, and training to employees via

## Redefining Software Development

Looking at some of the emerging trends in information technology, it seems that many of the terms we have traditionally used to define software development need to be rethought.

Take the words Development, Developer, Code or Coder for example. When someone in business or IT management says “developers,” they almost always mean “coders.” Even when we say “talk to the development team,” there seems to be a “coding” bias. But aren’t the requirements analysts, business analysts, modelers, architects, change managers, testers and build managers all part of development, too?

Applications and systems, for the most part, get created by teams, not lone programmers. Therefore, the term “developer” really refers to every member of the team in the development process, not just those who write code. Even the term “coder” becomes outmoded when ASCII text in an editor ceases to be the primary interface to the system being built. What happens when text stops being the expression of choice for “coders”?

Even the term “development” has evolved – referring not just to the creation of software, but also its planning, design, deployment and maintenance. After all, the successful delivery of software and its ongoing alignment with business objectives is just as important as its creation.

In the past decade, software development has made a number of important transitions, driven by technology innovation, globalization and the growing importance of software to our daily lives. We have entered a new era of development that is now defined by terms like team collaboration, process optimization and model-driven development. And the tools and skills that are required for this new era look a lot different than they did ten years ago.

### From Individual Coder to Team Developer

The evolution of team-centric development is an acknowledgment that no “developer” (read requirements analyst, modeler, tester, etc.) stands alone; and that teamwork is more than shared version control check-in and check-out.



It is all of the capabilities of configuration management fully accessible from the developer tool. It is all of the capabilities of workflow-driven change management directly accessible via the developer tool, including task-level refinement integrated to organizational project plans, as well as linkages that tie specific revisions of code to specific change requests. It is key pieces of requirements data and project data projected into the developer tool so that developers have direct access to system users’ expectations. It is topic-based messaging directly in the developer tool so context can be tracked along with specific requirements. And it is real-time search services across all the requirements, models, code, change and configuration assets so that the tedious process of “find-in-files” goes by the wayside. In short, it is the connection of the developer to the numerous other roles and activities in the development process which they influence or are influenced by.

### The Growing Importance of “Process”

As development teams expand and diversify, the consequences of software failure are becoming more dramatic. For this reason, in addition to an increasing number of regulations and compliance requirements, IT is facing strict scrutiny and oversight. Enterprises are beginning to pay closer attention to the “auditability” of their software and to see that instilling process into software development is no longer a luxury – it’s a must.

*(Continues on page 21)*

From Page 19 — The phenomenon of Streaming Media

their desktop, either live or on-demand, reducing both expenses and wasted time. Similarly, educational institutions can provide coursework online, and the use of on-demand content further expands the educational reach. Adding voice and/or video demonstrations to static presentations has been proven to reduce learning curves of even difficult-to-understand material.

### Advertising

Despite the negativity spawned by such Internet phenomena as viruses, spam, and phishing, Web advertising has come into its own. Streaming media is making a mark on advertising, even affecting pop-up ads, which now sometimes have voice streams attached (although their effectiveness and annoyance factor have yet to be determined). However, whether streaming media’s influence on Internet adver-

tising will help it exceed conventional radio and television advertising remains to be seen. It is already definitely making headway in that direction: a study by the Stanford Institute for the Quantitative Study of Society (SIQSS) in June 2004 found that the average Internet user spends nearly twice as much time online (three hours) as watching television (1.7 hours), making the market ripe. Streaming media is definitely heading places and quickly. ♦

## PRM—A veritable goldmine for channel partnerships

**Partner relationship management (PRM) is a business strategy for improving communication between companies and their channel partners. PRM promises to change the way business is done because businesses who use it find that it is an effective way to track their partnerships, which are increasingly the preferred modes of indirect channel selling.**



Eugene Lee

“Partner Relationship Management is the provision of technical solutions, processes and data collection of business partners. These include collection of the channel partners’ profile, sell

through, and sell in data, inventory status, product serial numbers, warranties and training,” says Eugene Lee, CEO, SurfGold.

Lee adds, “While CRM (Customer Relationship Management) has already become a global trend, corporations are trying to manage their partners as they do their customers. This is where PRM comes in.”

PRM is a growing trend not only in Asia, but also across the world. Business process improvements and business efficiency drivers are fast becoming key success factors for any industry that distributes products and services through an extended sales force.

This is good news for businesses that are increasing their channel portfolio. Nowadays, between the Internet, automated phone systems, and the proliferation of call centers, almost every company has been forced to extend their reach through strategic partnerships.

According to Lee, Asian companies are fast adopting PRM solutions,

with MNCs at the forefront in embracing and implementing PRM initiatives. He adds that technology pervasiveness and lower cost barriers are making PRM solutions affordable to many companies across Asia.

Lee notes that the major challenge Asian companies face with the implementation of PRM is the channel partners’ adoption of PRM solutions. He elaborates, “It is very much a mind set and change management challenge. Business partners must see the business values of such programs and not feel threatened by them. They have to see and understand the benefits of providing information and having a communication platform that will make their business engagement more efficient and which thereby reduces the cost of conducting

*(Continues on page 22)*

### From Page 20—Redefining Software Development

Process optimization and process-centric development can make software development much more manageable, predictable and efficient. Process-centric development incorporates workflow-driven change management and extends it beyond typical applications such as defect tracking to instantiate the “process work items” that need to be understood by any team engaged in software development.

These process-enabled frameworks provide guidance that enables organizations to reach certifiable levels of measurable benchmarks and a higher-level of auditability. For example, many organizations are currently looking to achieve a benchmark comparable to CMMI 2 or higher, which can bring dramatic improvements in cost savings, time-to-market and software quality.

#### The Move to Modeling

One of the most interesting changes happening in the creation of software is the move to model-centric development, especially when it’s in the hands of “coders.” Modeling is not only gaining traction as the tool of choice for business analysts and architects, it is becoming the domain of “code-centric” developers who use modeling techniques to create large, complex, distributed computing applications.

There is an emerging generation of developers who live in the model artifacts and only drop down to the code in an implementation editor when absolutely necessary. The comparable behavior from the past

was how programmers used to drop out of the IDE, or code-centric mode, to code up routines in assembly language, invariably using command-line tools. But as a rule, the programmers lived in the higher level code.

Watching this new wave of “coders” develop and collaborate in a model-centric framework that combines teamwork and process, it’s clear that a critical shift is happening. It’s a shift that maximizes the performance of each contributor so the overall team has more time and attention to engage in projects that better meet the business needs of the overall organization.

Sounds great, but where do you get it? Not surprisingly, the companies that have long been known for driving innovation in software and making development a more efficient and accessible art form are driving this transition.

Tooling platforms, such as Eclipse and Microsoft’s Visual Studio, are providing more and more of the basic functions needed by “coders,” which has freed the open source and vendor community to drive new innovations that can bring software into this new era. This new era will not only redefine how we develop software, it will be an era where software drives the business rather than just supports it. ♦

*By Patrick Kerpan,  
chief technology officer,  
Borland Software Corporation*

From Page 21—PRM—A veritable goldmine for channel partnerships

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According to Lee, Asian companies are fast adopting PRM solutions, with MNCs at the fore front in embracing and implementing PRM initiatives. He adds that technology pervasiveness and lower cost barriers are making PRM solutions affordable to many companies across Asia.

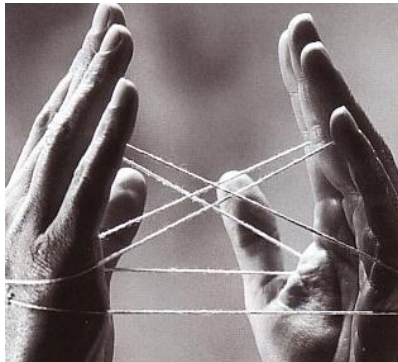
Lee notes that the major challenge Asian companies’ face with the implementation of PRM is the channel partners’ adoption of PRM solutions. He elaborates, “It is very much a mind set and change management challenge. Business partners must see the business values of such programs and not feel threatened by them.

They have to see and understand the benefits of providing information and having a communication platform that will make their business engagement more efficient and which thereby reduces the cost of conducting businesses.

He adds that in order for PRM to succeed, clear goals and the objectives of the program have to be communicated. Milestones and benchmarks must also be set to measure the business success and benefits of the program.

According to Lee, PRM best practices that should be in place are:

1. Clear program guidelines
2. Open and two-way communication of the goals and objectives of the program
3. Clear goals, objectives, matrix and measurement of the program
4. Overall program strategy and development plan



### Why PRM?

The primary economic driver of PRM is the need to achieve maximum market coverage and penetration in minimum time. In fact, according to PRM company, ChannelWave, PRM came about because there is a need for businesses that deal with complex business-to-business relationships outside of the enterprise.

“Partners can increase coverage while reducing the cost of coverage. However, to most effectively work with partners, companies need tools to manage those relationships. The same forces that are driving the growth of e-business across other business processes are driving the automation of partner relationship

management – e.g., greater efficiency, greater effectiveness,” says Kevin McKelvey, ChannelWave’s senior alliance manager.

According to McKelvey, “Since the beginning of buying and selling, vendors have recruited vast networks of partners. But, as the sheer volume of partners and complexity of the business world have accelerated, a business is now left aching for something like PRM.”

“There are layers of complexity with their partner channels. In addition, there are layers of complexity within those relationships,” he notes. “The tremendous volume of business being driven through channels is itself a driver.” He adds that technology and the desires of the business world have fueled the rise of PRM, saying “Indirect business is the reality of how business is now being driven.

In essence, PRM has been driven by two things

- The rise of the Internet - having a universal network that allowed multiple companies to work together without having to coordinate all their technical infrastructure
- The re-rise of the value-added in the channel

### Is PRM a fad?

Often in booming economies, blossoming companies spread their tendrils, likewise in the complex web of partnerships and resellers. However, alliances tend to dry up and shrivel away when business goes.

Sham Sao from PartnerWare says, “Partnerships and indirect channels are a permanent part of numerous markets. The roll that partners play varies depending on the type of market – in some markets, the partner may play a sales role; in others, a lead generation and referral role; and yet in others, a post-sales support role. Partners can assist in extending geographic coverage, offering complementary services, growing sales, and driving marketing. Bearing this in mind, partnerships are going to be with us permanently, and in fact they are going to accelerate.”

*(Continues on page 23)*

From Page 21—PRM—A veritable goldmine for channel partnerships

He emphasizes, “Companies can focus on their core competencies but have smooth connections to their selling partners. Partnerships are the way people are going to sell.”

“PRM is no way a fad. We don’t believe it’s a fad. We don’t believe it’s going away. We just believe that the time has come and that people are realizing there are things that can make doing business easier.”

### PRM versus CRM

While there is some common data that is shared by PRM and CRM, there are some fundamental differences.

Sao notes, “A good analogy is to look at the CRM and ERP markets. CRM evolved from SFA, and in the early stages of SFA, companies that are leaders in the ERP market such as SAP and Baan talked of consuming the SFA market. The argument was that they possessed the key account data and revenue information, so it made sense for them to extend to this area. What we have seen is that 5-10 years later, the ERP companies still do not have robust CRM solutions and are looking to make acquisitions in the area.”

PRM companies seem to agree that PRM is about aligning the goals of disparate companies and making this so financially attractive to partners in the form of leads and other incentives that they never want to leave your company’s sphere of influence.

### Who should use PRM?

Basically, two kinds of companies use PRM – those who have a large amount of partners; and those who it’s in their economic best interest to spend money on PRM to potentially make more money by harnessing their affiliate web.

In the early days, it was mainly the high-tech companies who were already using the Internet who first signed up for PRM. This has now changed.

“Any industry that uses some kind of partnership to help them sell their products is a good candidate for a PRM solution,” says Lee.

“For example. SurfGold’s PRM solutions include assisting clients define their channel strategies, develop blueprints of action plans and move right through all the phases of channel acquisition, certification and on to motivation and development.”

Lee says that the company’s overall objective, in this area of specialization, is not just to help clients in boosting sales in the short-term, but also to lay the foundation for long-term gains. The focus of SurfGold’s PRM programs includes:

- The creation of a two-way channel for the exchange of value-added information between the clients and their vendors which is achieved through a combination of offline and online modes.
- Gaining an understanding of the business objectives of the vendors and partners and placing them in the context of the objectives of the clients – and thereafter developing blueprints for action.

According to Lee, some key deliverables for PRM programs include:

- Channel strategy design and blueprint
- Multi layered channel loyalty program (partners, extended sales force)
- Channel MIS generation programs and technology
- MDF & co-op funds management
- Sales and Marketing promotions
- Channel Certification program design and implementation
- Channel acquisition
- Sales agent programs

### What to think about before you purchase PRM

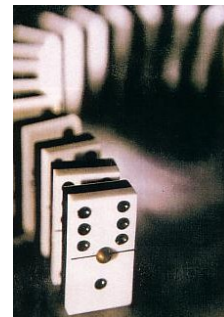
PartnerWare’s Sham Sao says that just as a PRM solution needs to deliver a certain type of product to help with a company’s success, he advises clients to do certain things to help themselves.

“They need to commit to rolling out the PRM system with a solid program for partners that includes clear messages and incentives, both carrots and sticks. In order for the system to be successful, partners must be properly trained and motivated to use the system,” he said.

Furthermore, besides incentives to partners, companies need to be honest about their own business processes to be successful.

“One of the biggest things is a commitment to really understanding and defining business processes. A commitment is needed to actually model the business so that it can automate the right processes instead of the wrong processes,” he notes.

He also advises companies to rollout their PRM system in small pieces.



“They should decide what parts of the package give the highest value-add to the company, and which give explicit value to the partner that encourages them to use the system,” he says.

Another thing to think about is how long it’s going to take to implement the PRM solution.

Besides all of the above, a company should also ask their potential PRM provider the depth of their products; the amount of customers who successfully use their products; and the type of customers who use their products.

If possible, find a company similar to yours that has used a provider’s PRM solution and find out, directly from the company, how it’s working out. With all this in place, it is definitely possible for PRM to be an integral and successful part of one’s channel ecosystem. ♦

*By Shanti Anne Morais*

# The Law

Relating to

## Internet Use



The Internet is an important tool for businesses - being used for communication; buying, selling and even delivering, of goods and services; marketing and promotion; research and other uses.

What is the law governing such uses? How can the Internet be used to create binding contracts? What are the legal obligations of liabilities of businesses which use the Internet? What are the legal minefields which plague users of the Internet? How can businesses protect themselves amidst the uncertainties and insecurities of the medium?

This one-day seminar will answer these and other questions by introducing the participant to the concepts of contractual and tortious (eg: defamation and negligence) liability in Internet use; protection of intellectual property and information on the Internet; dispute resolution in a borderless and faceless world and emerging legal trends.

**Dr Toh See Kiat**, FCIM, FSID, Chairman of Goodwins Law Corporation and Honorary Legal Advisor to both the Singapore Computer Society and the Information Technology Management Association (Singapore) will be the facilitator of the seminar. Dr Toh is an Advocate and Solicitor of the Supreme Court of Singapore, a Solicitor of England and Wales, Fellow of the Singapore Institute of Directors and Fellow of the Chartered Institute of Marketing. He practices and conducts seminars on information technology, intellectual property, competition, commercial and corporate law.

### How to Register

To register, please visit [www.scs.org.sg](http://www.scs.org.sg).

**Singapore Computer Society**  
Tel: 6226 2567 Fax: 6226 2569  
Email: [scs.secretariat@scs.org.sg](mailto:scs.secretariat@scs.org.sg)

### A 1-day intensive & high-value workshop addressing the Legal Minefields of the Internet & the Protections for Businesses

<b>Date</b>	<b>16 August 2005 (Tuesday)</b>
<b>Time</b>	<b>9.00am - 5.00pm</b>
<b>Venue</b>	<b>Amara Hotel</b>
<b>Fees</b>	<b>S\$300 for SCS member</b> <b>S\$380 for Non member</b> <i>(Inclusive of 5% GST, workshop materials, lunch and tea/coffee breaks)</i>
<b>Closing Date</b>	<b>8 August 2005</b>

### Topic Outline

- Basic principles of e-contracting
- Authentication and signatures in the electronic world
- Torts on the Internet - Especially breach of privacy, defamation, negligence
- Proving an electronic transaction
- Protecting intellectual content and property on the Internet (copyright, criminal law, trademarks, passing off, etc)
- Which law or court governs in a multi-national electronic contract?
- Alternatives to litigation in the electronic world
- Emerging legal trends - The law and digital rights management; spam; data protection; information security; abuse of networks and defences

### Organised by







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MediaBUZZ's e-InfoSource - **ASIAN CHANNELS** - is the very first of its kind in the region and the only guide for technology channels (e.g. distributors, resellers, ISVs, SIs, OEMs and of course technology companies/vendors) in the Asia Pacific. It focuses on news, alliances, statistics and trends, best practices and market tips, profiles of top channel companies and leaders in the region, products and carefully planned technology features related and relevant to the channels industry.

**ASIAN CHANNELS** was conceived by MediaBUZZ's founders to serve the industry and provide comprehensive information that technology channels both want and require.

It is sent out regionally once a month to around 23,500 targeted readers comprising of top management, channel management and professionals, mid-management, IT professionals and consultants.

## Editorial

Dear Reader,

In this issue, we take a closer look at the 5Cs in channels' selection. Do you and your channels truly synergize? Read Asia Pacific Connections' Cindy Payne's article on Page 13 to find out what it takes to ensure more profitable and effective channel selection and co-operation. This is the first of a 2-part series.

Also in this edition, we take an in-depth look at Partner Relationship Management (PRM), an increasingly hot trend in Asia. PRM holds the promise to change the business landscape simply because businesses who use it find that it is an effective way to track their partnerships. Just how can Asian companies' deal with this complex channel science? See page 21 for the answer.

Channel consulting experts, Channel Enablers is currently holding its 2005 Partner Manager Census. Take part in the Survey and you get the results free. Participants of the Census also get to attend the Channel Enablers Breakfast Briefing where the results will be presented.

Complete the Census here:

For more information, visit: <http://www.imakenews.com/tech-channels/>

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Best Regards,

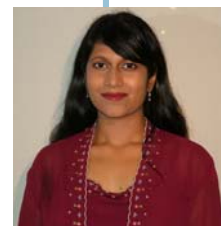
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