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U.S. cities don't make the intelligence cut

Pac-Rim telecom think tank names the cities that do.

By Jay Gillette, Network World, 01/24/07

HONOLULU – For the second year running, no U.S. city has made the list of the world's top Intelligent Communities of 2007, as selected by global think tank Intelligent Community Forum. The ICF met and announced this list as part of the 29th annual Pacific Telecommunications Council (PTC) conference here in Hawaii last week.

The PTC conference, which had 4,000 attendees, features information and communications technologies, public policy initiatives, business development strategies and industry forecasts from an Asia Pacific point of view.

The ICF selects the Intelligent Community list based on how advanced the communities are in deploying [broadband](#), building a knowledge-based workforce, combining government and private-sector "digital inclusion," fostering innovation and marketing economic development.

As announced by ICF chairman John Jung, the intelligent city finalists are:

- Dundee, Scotland, United Kingdom
- Gangnam District, Seoul, South Korea
- Issy-les-Moulineaux, France
- Ottawa-Gatineau, Ontario-Quebec, Canada
- Sunderland, Tyne & Wear, United Kingdom
- Tallinn, Estonia
- Waterloo, Ontario, Canada

The Most Intelligent Community of the Year will be announced in May in New York. The 2006 winner was Taipei. The closest U.S. city to this list was Cleveland, which was a semifinalist last year.

China IT leaders looking outward

Chinese telecom vendors, facing fierce domestic competition with dropping revenues and profit margins, are shifting their focus to international markets, said one Chinese analyst presenting at the conference.

According to Dongming.Zhang, research director of Beijing-based BDA China, China's leading equipment provider, Huawei, is generating 65% of its annualized \$10 billion revenue in overseas ventures.

With 44,000 employees, Huawei fights for its largest single share of China's crowded domestic communications equipment market — reaching just 16%. Ericsson is next with 10%, followed by [Motorola](#), [Nortel](#), [IBM](#), [Alcatel](#), [Siemens](#), [Cisco](#) and others dividing single digit slices of the market.

Zhang said heavy investment in R&D combined with low costs are providing China's domestic and foreign investment companies with emerging global advantages. Annual average cost of an R&D employee in China is \$25,000, compared with \$135,000 in Europe. Comparative figures for the United States were not given at the conference, but according to published reports, the average loaded cost for U.S. semiconductor engineers is more than \$200,000 annually.

Still, China's global enterprises are newcomers in the international markets. China's two leading equipment vendors, Huawei and ZTE, are eighth and ninth in global IT equipment market share after industry consolidations, according to Zhang. In order, they lag behind industry leaders Motorola, Cisco, Alcatel/Lucent, Ericsson, Nokia/Siemens, Nortel and NEC.

The Chinese international focus is heavily on Asia-Pacific, with Europe, Middle East and Africa markets the next largest revenue contributors.

Yet Huawei has 85 overseas branches covering more than 100 countries, with six R&D centers in the United States, Europe and India. Competitor ZTE has 80 overseas offices or subsidiaries with seven R&D centers in the United States, Europe and Asia.

These new reports from the Pacific show a continuing trend whereby Chinese companies, driven by cost advantages and a commitment to global expansion, are starting to have an impact beyond the domestic China market. While the impact is felt first in Asia, domestic growth barriers continue to drive Chinese companies to seek their fortunes abroad. With these new players, globalization of telecommunications is intensifying.

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