

Innovation at Work - Alcatel-Lucent's WebTV Transcript for edition 2/2009

Hugh SCHOFIELD

Hello and welcome again to Innovation at Work. You join us in the high rise, non-stop booming metropolis of Shanghai, where we're looking at the opportunities that are opening up in the world of Chinese telecommunications.

Parallel with the phenomenal consumer boom of recent years, China's seen an explosion in the use of mobile phones and the Internet. One extraordinary statistic to make the point: at the last Chinese New Year - 9 billion text messages were sent.

And now the telecoms landscape is about to be transformed yet again because the government here has just issued the long awaited 3G licences for the next generation of mobile phones. It's a new market, for which Alcatel-Lucent is uniquely well placed.

The picture is complex but basically the 3G licences have gone to three separate Chinese operators, each using a different 3G standard. First of all, China Mobile, the biggest of the three with 73 percent currently of mobile market share. It has been given the licence for a homegrown Chinese standard called TD-SCDMA. Then there is China Unicom. It's going to be operating with the European standard WCDMA. And thirdly China Telecom, working with the North American standard CDMA 2000.

All three operators are preparing to spend hundreds of millions of dollars installing the infrastructure for their networks - the aim being to have 20 per cent of customers using 3G services in a couple of years. And just to give you an idea again of the sheer scale of the market: there are currently 650 million mobile subscribers in China.

Hugh SCHOFIELD

Now Alcatel-Lucent has a great advantage because it already works closely with the Chinese government via its flagship company Alcatel-Lucent Shanghai Bell, that's a joint venture set up with the Chinese government.

So for an official view of the 3G revolution, we've been joined by Mr. Yao Shicheng of the Telecommunications Ministry here in Shanghai.

Mr. Yao Shicheng, for the end-user, for ordinary people, how will things change with the arrival of 3G phones?

Yao SHICHENG

For individual users, 3G can provide not only voice, images, but also data services. It's also very convenient for both individual users and families to enjoy voice, image, multimedia and broadband. At the same time, 3G can allow enterprise users to reduce their operating costs.

Hugh SCHOFIELD

What does the Chinese government hope that a company like Alcatel-Lucent Shanghai Bell can offer as the country moves to the 3G mobile phone?

Yao SHICHENG

Alcatel-Lucent Shanghai Bell is the first foreign company to have invested in the telecommunications industry in our country. For more than twenty years, it has played a very important role in the development of telecommunications in Shanghai and throughout China. I hope that through its efforts in the coming years, Alcatel-Lucent Shanghai Bell can help us even more to develop telecommunications in Shanghai and the whole country, especially in 3G.

Hugh SCHOFIELD

Thank you for talking to us

Yao SHICHENG

Thank you

Hugh SCHOFIELD

The obvious next port of call is Alcatel-Lucent Shanghai Bell itself. So here we are at the morning arrival of workers at the headquarters and factory in the Jinqiao neighbourhood of Shanghai.

I'm with Mr. Yuan Xin who is Chairman of Alcatel-Lucent Shanghai Bell. Mr. Yuan Xin, Is it possible to measure the strength of Alcatel-Lucent Shanghai Bell in China today?

Yuan XIN

Definitely. We are one of the top three network providers in China. Today, in the Chinese market, every third fixed subscriber, every third broadband subscriber, and every fifth mobile subscriber are provided and supported by Alcatel-Lucent Shanghai Bell.

Hugh SCHOFIELD

Mr. Yuan Xin, thank you very much indeed.

Yuan XIN

Thank you

Hugh SCHOFIELD

Down on the factory floor, all sorts of wondrous pieces of computerized equipment are being assembled for sale in China or for export around the world, and it's here too that 3G material is already being manufactured like these antenna units as Alcatel-Lucent gears up for the next generation rollout.

Hugh SCHOFIELD

So now I'm with Olivia Qiu who is President of Alcatel-Lucent Shanghai Bell. Olivia Qiu, how can you be confident that you can supply three separate operators here in the 3G market?

Olivia QIU

We have built up a trusted long-term relationship with all Chinese customers. I think our relationship with our customers will be further reinforced though the 3G deployment. With China Mobile, we take 40 per cent of the market share in cooperation with our partner Datang Mobile, so we have a number one position. In CDMA we are working with China Telecom and we are one of their key suppliers for their CDMA network with 20 per cent market share and in the recent Unicom WCDMA bid we were awarded 10 provinces. So I think our relationship already has been reinforced with 3G.

Hugh SCHOFIELD

So, the fact that there are three different standards to be manufactured, that's not a difficulty for you at Alcatel-Lucent?

Olivia QIU

You see, just like in the all the other business segments you know in Alcatel-Lucent, we position ourselves as end to end network providers so of course we need to be everywhere in the network, 3G, 2G, fixed access, everything, so we are there to support our customers. We are committed.

Hugh SCHOFIELD

Thank you very much indeed.

Hugh SCHOFIELD

We've been talking about 3G technology but of course the story doesn't end there. Already here in the laboratories in Shanghai and around the world the industry is preparing for the next standard called LTE. And if 3G means faster, improved access - LTE goes one step further. With even faster processing speeds it means we will have on our mobiles exactly the same service we have now from our fixed line broadband providers. It will be like home computers "on the move".

Hugh SCHOFIELD

Well that's all we have time for in this Chinese edition of Innovation at Work. So, from the Huangpu River and against this backdrop of this beautiful Shanghai skyline it's Good Bye 'till the next program.