



How to make ICT work: Lessons from Korea



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Word Test

What is the meaning of the following words?

- ✍ Café
 - ✍ A crippled person
 - ✍ Acorn
 - ✍ Star
 - ✍ Chocolate
- In Korea
- ✍ Café = Online community
 - ✍ A crippled person = Kid addicted to the Internet
 - ✍ Acorn = Cyber money to buy avatar
 - ✍ Star = The name of online game (Star craft)
 - ✍ Chocolate = A famous brand for premium cellular phone

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And then...

- ✍ 5 correct answers: excellent, but there is always more to know about Korean ICT...
- ✍ 4 correct answers: very good, but too little to survive as an ICT leader.
- ✍ 3-2 correct answers: you are in the right place.
- ✍ 1-0 correct answers: you **desperately** need this presentation.

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I. History and Milestones of Korean ICT

- Why is ICT important?
- Milestones of Korean ICT
- Key success factors

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Korea?

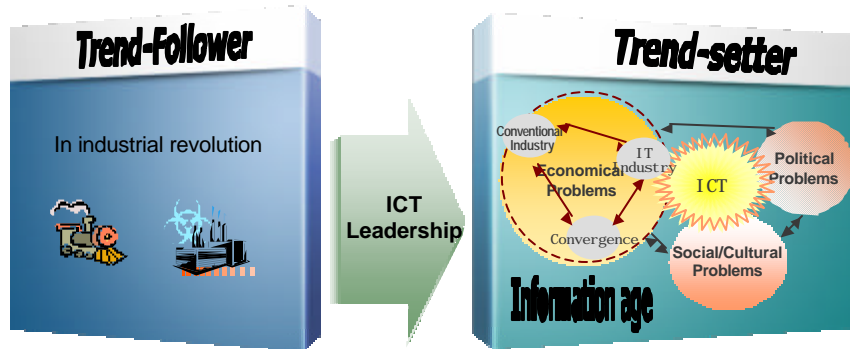
- ✍ Land: 0.1 Million Km² (Australia: 7.7 Million Km²)
- ✍ Population: 45 Million (Australia: 20 Million)
- ✍ Language: Only Korean (Australia: 15% people don't use English)

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Why is ICT important for Korea?

- Trend-follower in industrial revolution, but trend-setter or trend-maker in the information age



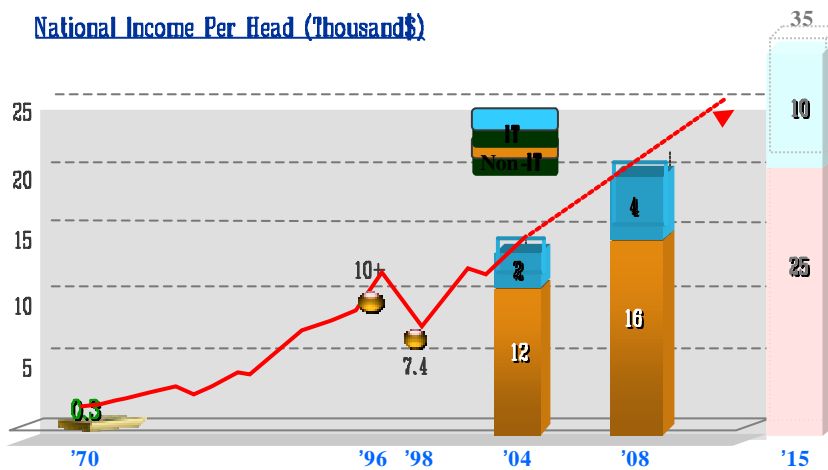
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Why is ICT important for Korea?

We need more than 5% consistent growth from ICT fields

National Income Per Head (Thousand\$)



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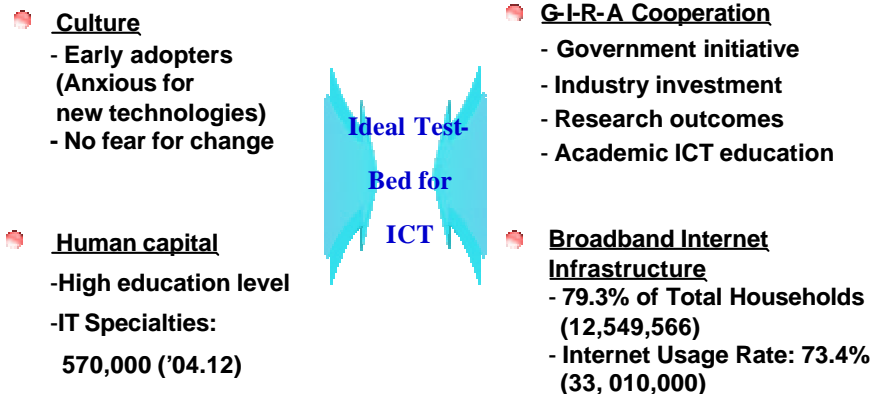
Milestones of Korean ICT

	Preparation for Basic ICT ('80 ~ '86)	Promotion of Informatization ('87 ~ '94)	Achievement of Informatization ('95 ~ '03)	Value Creation by ICT ('04 -)
	Increasing Demand for Telecom. and Expansion of Facilities	Modernization of Telecommunication Facilities	Telecommunication Competition and Internet Era	Advanced Korea through ICT
Major Policy	Telecommunication Plan Computerization of Administration	National Telecommunication Infrastructure	Broadband Internet Informatization Promotion Plan	IT839 U-Korea Plan
R&D		TDX (Time Division Exchange) TICOM Memory Semi-Conductor	ADSL CDMA	BcN (Broadband Convergence Network) DMB (Digital Multimedia Broadcasting) WiBro (Wireless Broadband)
Basic Tech.	Telephone	PC PC Communication	Wired Internet Mobile Telecom. Svc.	Wireless Internet U-device

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Key success factors



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Red Devils: Crazy for soccer and crazy for ICT



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II. ICT AS-IS

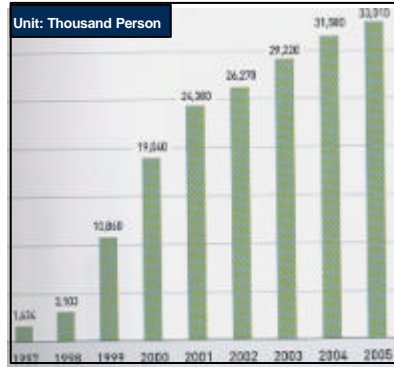
- Current status of Korean ICT
- Key achievements

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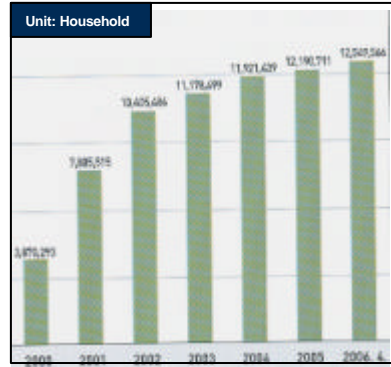
Current status of Korean ICT (1)

Internet Users



33 Million People (73.4%)

High Speed Internet Subscribers



12.5 Million Households (79.3%)

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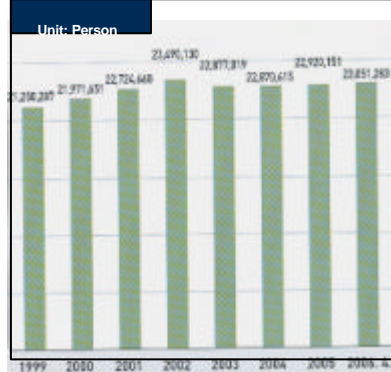
Current status of Korean ICT (2)

Wireless Internet Subscribers



37 Million People (83%)

Fixed Line Telephone Subscribers



23 Million Lines

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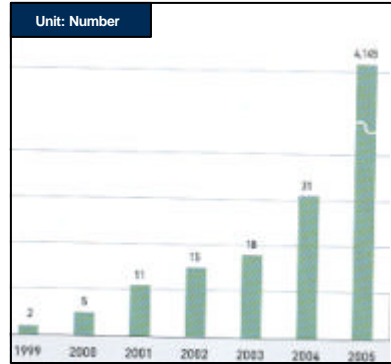
Current status of Korean ICT (3)

Mobile Telephone Subscribers



39 Million People (87%)

IPv6 Possession



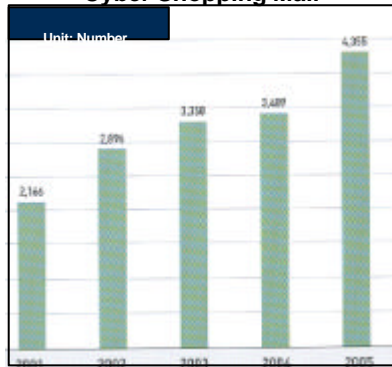
4,145 Numbers

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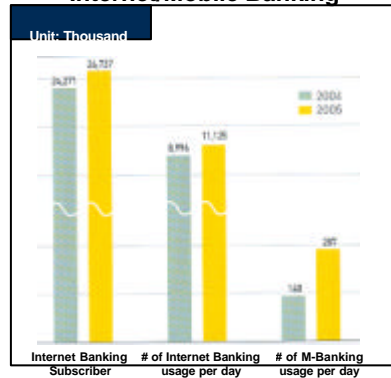
Current status of Korean ICT (4)

Cyber Shopping Mall



4,355 Cyber Shopping Mall

Internet/Mobile Banking



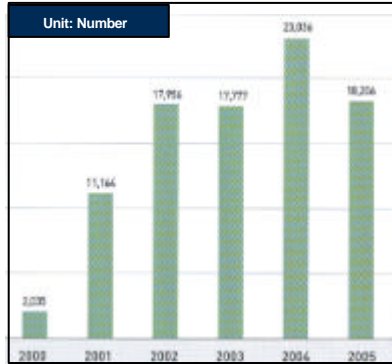
Internet Banking Users: 27 Million
 Internet Banking Usage Per day: 11 Million
 Mobile Banking Usage Per day: 0.28 Million

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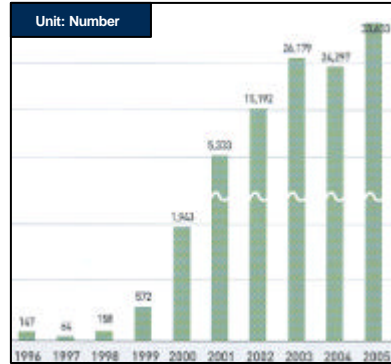
Current status of Korean ICT (5)

Infringement of Personal Information



18,206 Cases in 2005

Hacking Event



33,633 Events in 2005

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Current status of Korean ICT (6)

		(\$ Million, %)					2006 (1/4)P
		2001	2002	2003	2004	2005	
ICT Industry	Export (Increase rate)	48,426 (23.2)	57,126 (18.0)	70,549 (23.5)	93,681 (32.8)	102,333 (9.2)	26,602 (13.0)
	Import (Increase rate)	32,888 (20.8)	35,898 (9.2)	42,438 (18.2)	49,755 (17.3)	53,950 (8.4)	14,248 (13.8)
	Profit	15,539	21,228	28,111	43,926	48,382	12,354

Item	(% , %p)				
	2001	2002	2003	2004	2005 ^P
Real GDP (Gross Domestic Production) Growth Rate	3.8	7.0	3.1	4.7	4.0
ICT Industry Growth Rate	10.5	17.6	14.2	17.5	13.6
ICT Industry Share in Real GDP Growth Rate	1.0	1.8	1.6	2.2	1.9
ICT Industry Contribution to Real GDP Growth Rate	25.2	26.3	51.3	42.6	46.5
ICT Industry Contribution to Real GDP	10.1	11.1	12.3	13.8	15.0

Source: Korea Bank, IISD

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Key achievements (1)

IMD World Competitiveness Yearbook 2005

Technological Infrastructure

Country	%	Rank
US	68.93	1
Korea	63.35	2
Singapore	62.72	3
Hong Kong	61.18	4
Taiwan	60.45	5

Broadband Subscribers

Country	Rank
Korea	233.3 1
Hong Kong	180.9 2
Canada	146.9 3
Taiwan	134.6 4
Denmark	133.3 5

of subscribers per 1,000 inhabitants

Broadband Cost

Country	US\$	Rank
Japan	0.09	1
Korea	0.25	2
Belgium	1.15	3
Hong Kong	1.27	4
Singapore	2.21	5

US\$ per 100 kbps per month

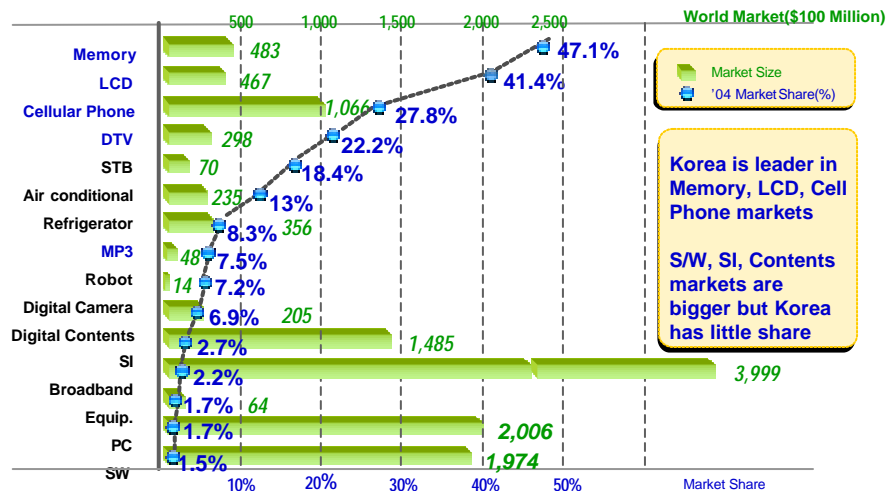
Key achievements (2)

Major Index of Korean ICT

Index	Rank	Year	Source
National Information Index	3	2006	National Computerization Agency in Korea
Information Society Index	10	2005	IDC, 'Information Society 2005: Rankings and Data', 2005
E-readiness rankings	18	2006	EIU, 'The 2006 e-readiness rankings', 2006
Broadband Internet Subscriber (among OECD)	2	2005	OECD, 'OECD Broadband Statistics December 2005', 2006
Networked Readiness Index	14	2005	WEF, 'The Global Information Technology Report', 2006
Technology Infrastructure Competitiveness	6	2006	IMD, 'World Competitiveness Yearbook', 2006
E-Government Readiness Index	5	2005	UN, 'Global E-government Readiness Report 2005', 2005
Digital Opportunity Index	1	2005	ITU, 'Measuring Digital Opportunity', 2005

Key achievements (3)

World-leading Korean ICT products



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Source: IFA

III. Future Prospects and Challenges

- IT 839 Strategy
- Challenges to be addressed
- Implications for the Korean ICT market

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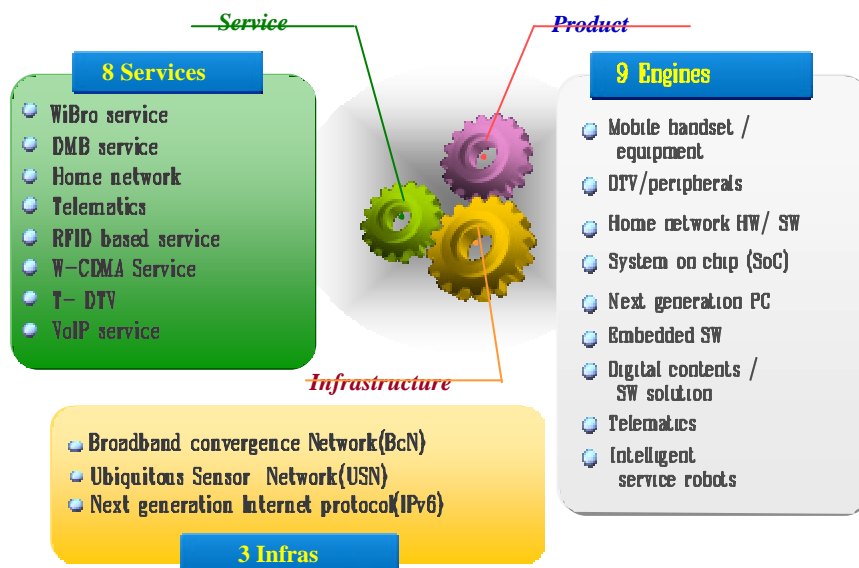
IT 839 Strategy (1)

- ✍ IT 839 is a new version of Korean ICT industry policy
- ✍ It is expected to lay the foundations for new growth for Korean ICT
- ✍ IT 839 strategy focuses on the first mover advantage of Korean ICT through the collaboration between the government and private sector

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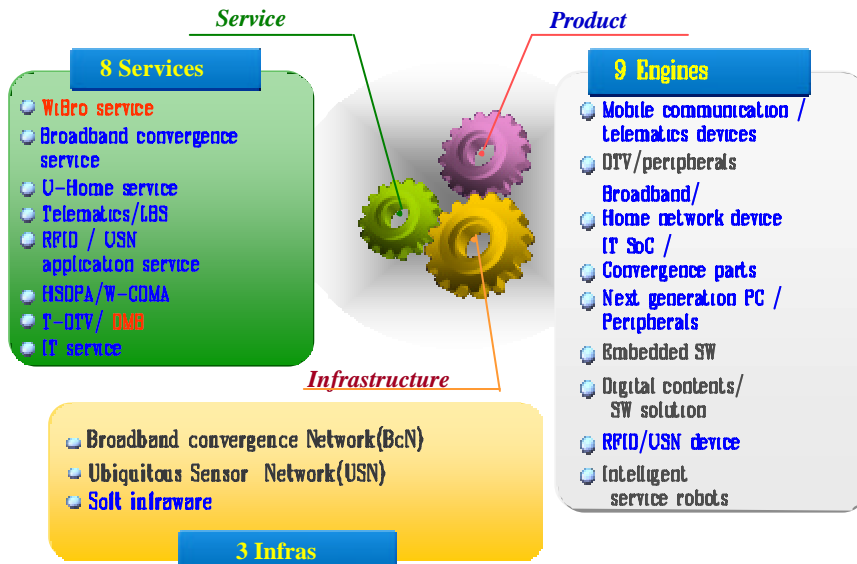
IT 839 Strategy (2) – Initial Version



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U- IT 839 Strategy (3) – Upgraded Version



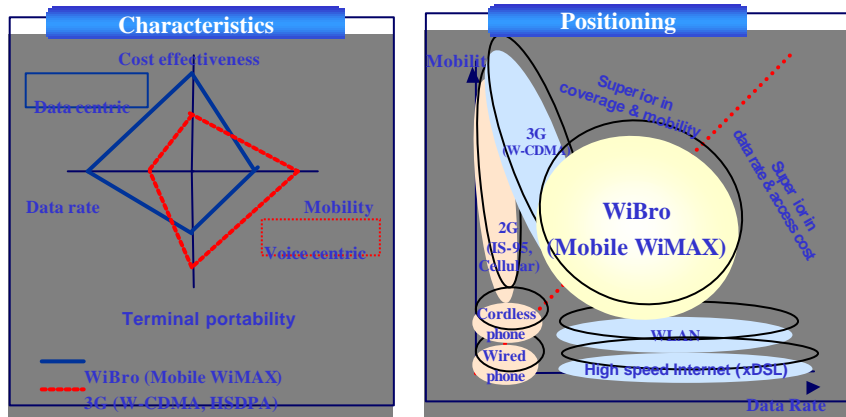
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WiBro - Overview

'Wireless Broadband' provides a high data rate wireless internet access under the stationary or mobile environment, anytime and anywhere

- ≪ Distinguished by mobility, higher data rate and competitive price
- ≪ WiBro (Mobile WiMAX), 3G, and WLAN complement each other and partially competing



Source: IDC 2006, Song-moon Koh |

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WiBro Demonstration



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WiBro Demonstration



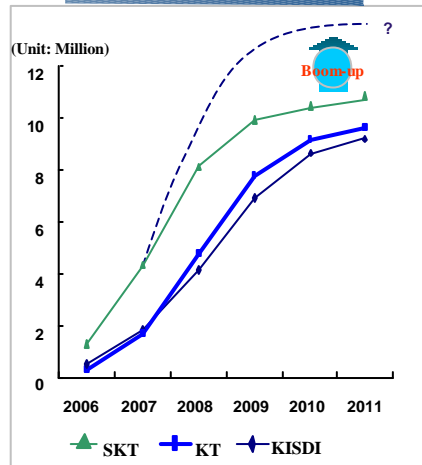
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WiBro – Market Forecast

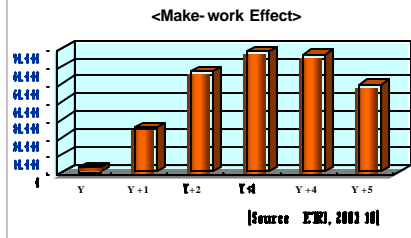
Expected to be new growth engine in telecommunication market attracting 8.9 million subscribers and yielding 3 trillion won revenue

WiBro Market Forecast



Economic Effect Analysis

Telecom/Other industry production Trigger	17 Trillion
Value-add creation	7,400 Million
Total Export Trigger	6,300 Million
Total Import Trigger	4,600 Million



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Satellite DMB – Market status

Korean Satellite DMB (Digital Multimedia Broadcasting, Take-out TV) starts world second (May 2005) after Japan (Oct 2004), however, world first as mobile phone based DMB service

- ✍ 0.8 Million subscribers exceeded at July 2006
- ✍ Subscription fee: 27 A\$,
- ✍ Monthly fee: 17.5 A\$



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Challenges to be addressed



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Implications for the Korean ICT market (1)

If you are interested in Korean ICT market, you should be..

Speedy

Soft

Smart



Implications for the Korean ICT market (2)

SPEED

You should show *speed* in terms of **time to market, first-mover advantage, and short life-cycle**

SOFT

You had better focus on *soft* sectors such as **blue oceans of contents and software industries**

SMART

You should be *smart* enough to **serve the most well-educated and active customers**

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Thank you

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