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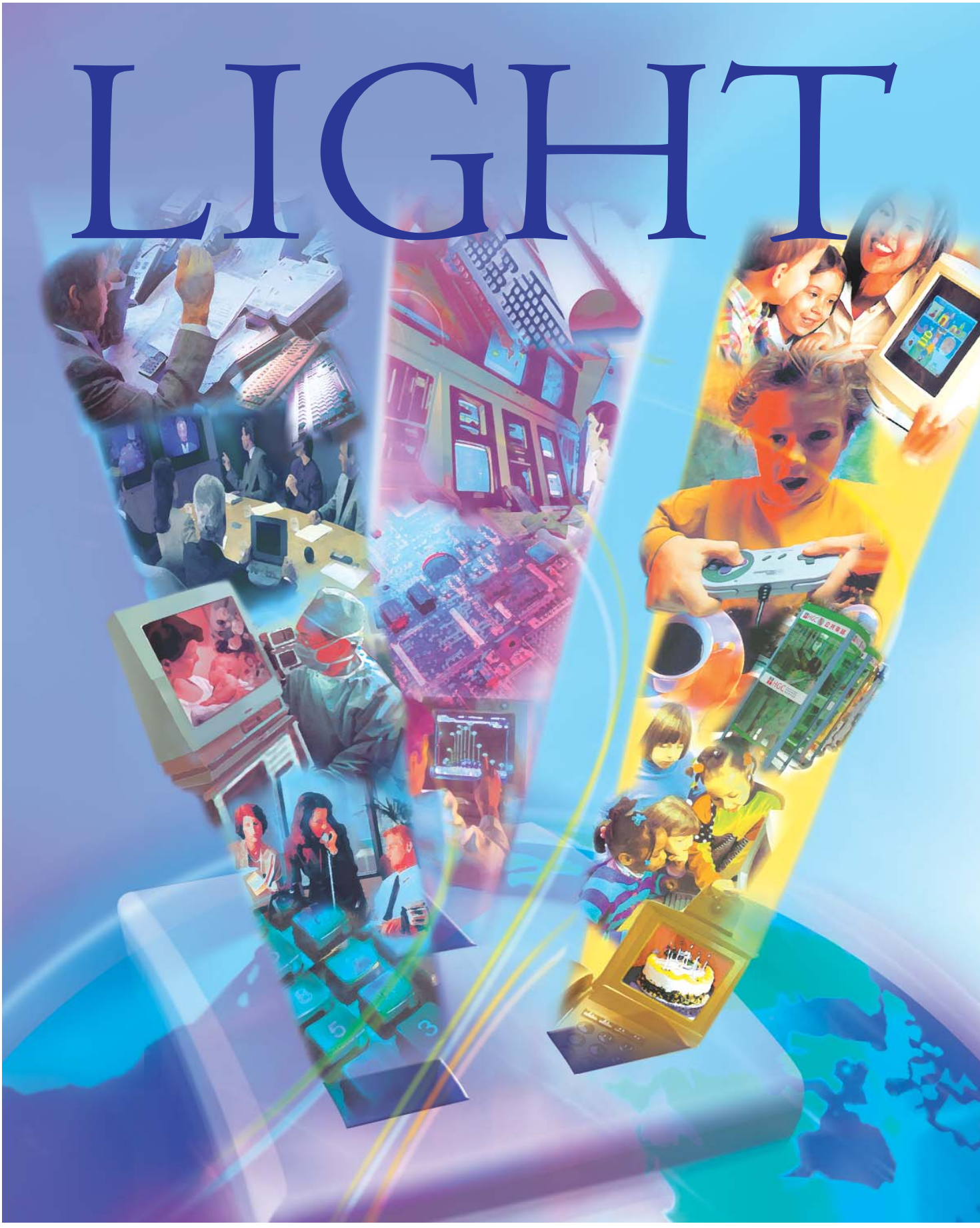


YEARS AHEAD

HGC has joined forces with Vanda and Powercom to offer end-to-end communications networking solutions that no other company can match.

By Arun Sudhaman

When Taiwanese businessman Jeffrey Chen set up a manufacturing operation in Guangzhou, there were several technological requirements that needed to be met. High-speed broadband networks that could effectively connect Chen's Hong Kong office with its Southern China and Taiwan affiliates were mandatory. He needed a range of computers, along with specialist software that would ensure that his business worked faster and smarter. He also needed engineers who could seamlessly integrate them into the network. Above all, Chen required one company that could swiftly meet all these needs. More than his *guanxi*, or business connections, Chen needed to get connected.

He called Hutchison Global Communications Holdings (HGCH).

For many businessmen like Chen, the range of networking, computing and software options can be bewildering. Typically, these products are offered by disparate providers who have little interest in ensuring that their customers get a truly integrated service.

HGCH, on the other hand, offered Chen advantages that no other telecommunications company could. Not only does HGCH own one of the world's most advanced fibre optic networks, it also offers integrated information technology (IT) solutions that are tailor-made for each customer.

Over the past year, the company has taken significant steps to complete its service offering, and can now lay claim to being a genuine one-stop-shop.

The development was cemented through the merger in March this year of Vanda Systems & Communications, Hutchison Global Communications (HGC) and PowerCom Network Hong Kong. Hutchison GlobalCentre, the HWL Group's data centre operator, was also incorporated.

Vanda had already been listed on the Hong Kong Stock Exchange and the new entity was renamed Hutchison Global Communications Holdings under the original stock code (0757).

Pieces of the Puzzle

With Vanda and PowerCom representing the missing pieces of the jigsaw, the new company can now offer the full range of Information and Communication Technologies (ICT) solutions, along with cutting-edge "last mile" link-ups.

Vanda has built a strong regional reputation for supplying IT systems infrastructure and application solutions services. The benefits this brings HGCH's business users are significant. When customers approach HGCH for broadband data and voice services, they can at the same time get IT systems that will seamlessly integrate with those networks.

"We can now offer software, computers and networking," confirms Peter Wong, Chief Executive Officer of HGCH. "This is the perfect marriage for us because of our linked perspectives."

For the first few years, we were more like a construction company than a telecommunications company

For Chen, this has meant being able to focus on his company's communications and operational requirements rather than the technology that makes it all happen. What's more, if Chen needs to expand his business or if there is a problem with any part of the system, assistance is only a phone call away.

PowerCom, for its part, has created and patented a revolutionary system that allows the delivery of telecommunications services on the domestic power grid, via a simple power socket. This allows HGCH to roll out a cost-effective last mile network for installing broadband service in residential estates, hotels and serviced apartments, and ensures that older buildings can also enjoy the benefits of HGCH's fibre optic broadband services.

"You can simply plug your PC [personal computer] into any power socket," Wong explains. "This is particularly good for buildings where the cabling is not good enough or is used up. Hong Kong is one of the very few places where powergrid technology is usefully deployed."

The enlarged group is now uniquely positioned as a next-generation technology services provider. It is able to clearly differentiate itself both through its range of services and its geographical coverage in Hong Kong, Mainland China and Southeast Asia.

"The merger gives us powerful competitive advantages," says Wong. "There is a lot of synergy between networking and computing, and now we can provide our customers with a total solution."

The synergies do not end there, as Vanda and PowerCom will benefit from HGC's stellar customer base.

The Long Road to Broadband

HGC's story recalls the age-old saga of the tortoise and the hare.

While many of its competitors floundered in a sea of short-term promotions, HGC quietly built a business that not only put it head and shoulders above its Hong Kong counterparts but also set new global standards.

None Left Behind

The power of HGC's capabilities to facilitate the latest communications technology was well illustrated during the tragic SARS outbreak of 2003. The company wasted little time in linking its network to Hong Kong's Princess Margaret and Wong Tai Sin hospitals, the primary recovery centres for sufferers of the contagious virus.

Thanks to HGC, quarantined patients were able to communicate with their families through broadband-based video telephony services, providing crucial eye-to-eye contacts with families and friends. HGC continues to provide the services.

This passion to leave no citizen behind is also evident in HGC's successful broadband school project, which has seen the company deploy networks and computing equipment in 80% of Hong Kong's primary and secondary schools.

The newly launched GigaNet School Fibre Broadband service, furthermore, allows schools with intra-school-networks to upgrade their bandwidths from 10Mbps to 100Mbps symmetrical broadband transmission, enabling applications with large bandwidth demand, such as on-line TV, video education and network storage.

HGC has also been at the forefront of a series of e-learning initiatives, in conjunction with the Chinese University of Hong Kong.

"The educational benefits of broadband technology can boggle the mind, particularly for my generation, who grew up with chalk and blackboards; typewriters and Tippex," says Peter Wong, CEO of HGCH. "Using a high-speed school Intranet, students can send movie projects or music recitals and engage in distance remote learning courses."

In a timely attempt to bridge the Mainland's yawning digital divide, plans are afoot to extend this next-generation educational technology to Southern China. The Internet, of course, does not respect international borders and this step serves as an important reminder of the global nature of HGCH's operations.

When HGC first began life in 1995, the communications world was a very different place. The Internet was just beginning to make an impact in Asia and few were convinced of the powerful benefits it could bring. For HGC, these were minor hurdles, and the company instead recognised the formidable advantages of high-speed fibre optic connectivity. Another big advantage was Hong Kong's topography. Many tall buildings packed into a small space afforded a perfect environment to roll out a network.

By opting to build a new network from scratch, HGC raised the standards to a whole new level. While much of the rest of Asia was still struggling with painfully slow dial-up services, Hong Kong began to harness the full power of Internet technology through broadband.

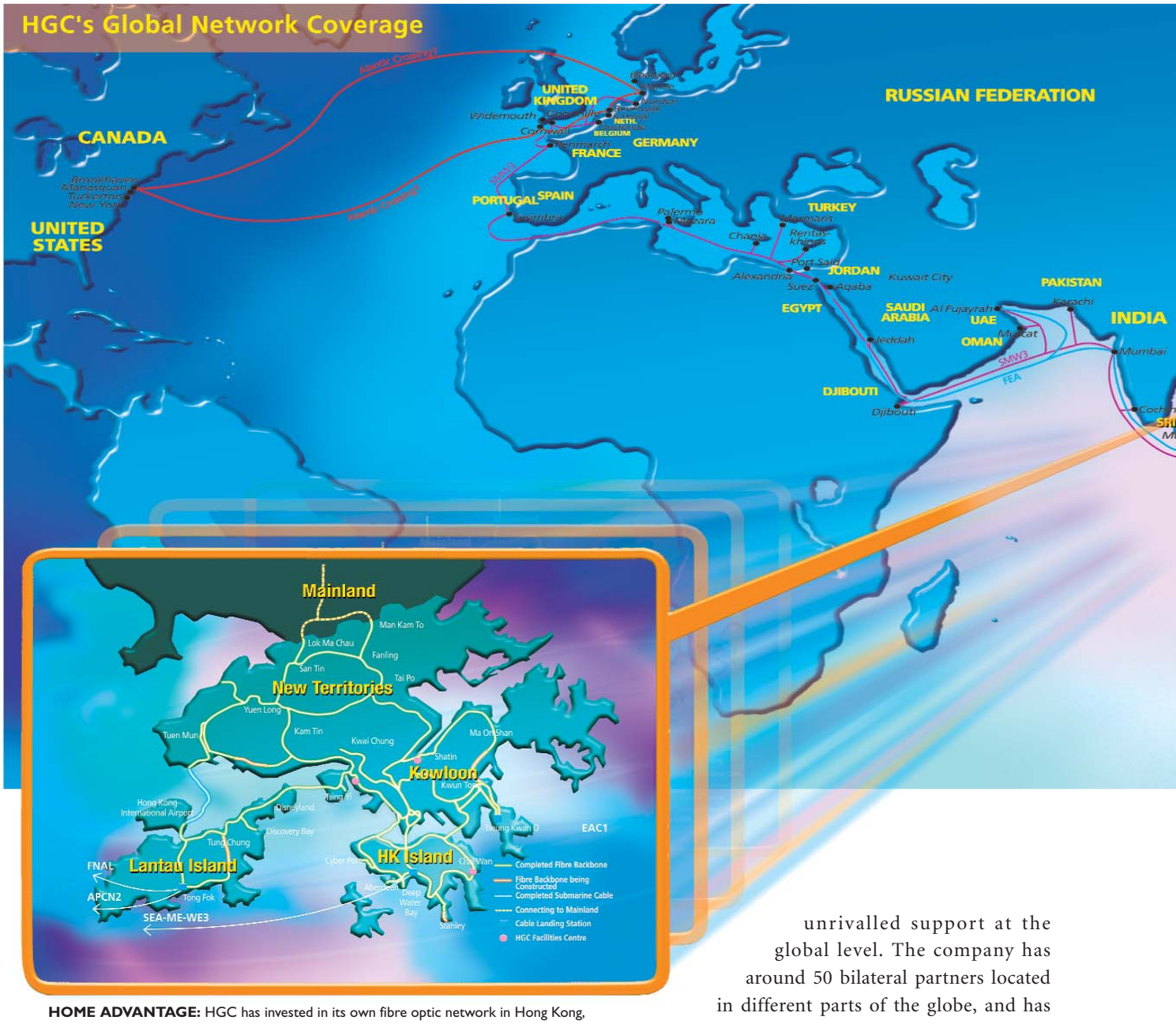
Importantly, rather than relying on the older variety of copper or coaxial cables, HGC deployed a full fibre optic network. The work was time consuming and labour intensive, requiring roads to be dug up so that the cable could be laid.

"For the first few years, we were more like a construction company than a telecommunications company," Wong recalls.

In nine short years, the company has proved that a little foresight (and substantial investment) can go a longway. By June 2002, the fibre optic backbone was finished. Today, the company has rolled out a 4,000-kilometre ring across the territory comprising more than 700,000 kilometres of core fibre optic cable. Currently, some 4,000 buildings are linked direcly to the network.

Backbone for Business

Today, the vast majority of Hong Kong's Internet subscribers use some form of broadband. By bucking the trend and investing in its own fibre optic network, HGC ensures networking speeds that verge on the futuristic. With the dedicated 10Mbps symmetrical broadband connections it provides, customers get



HOME ADVANTAGE: HGC has invested in its own fibre optic network in Hong Kong, delivering cutting-edge connections via more than 700,000 kilometres of cable.

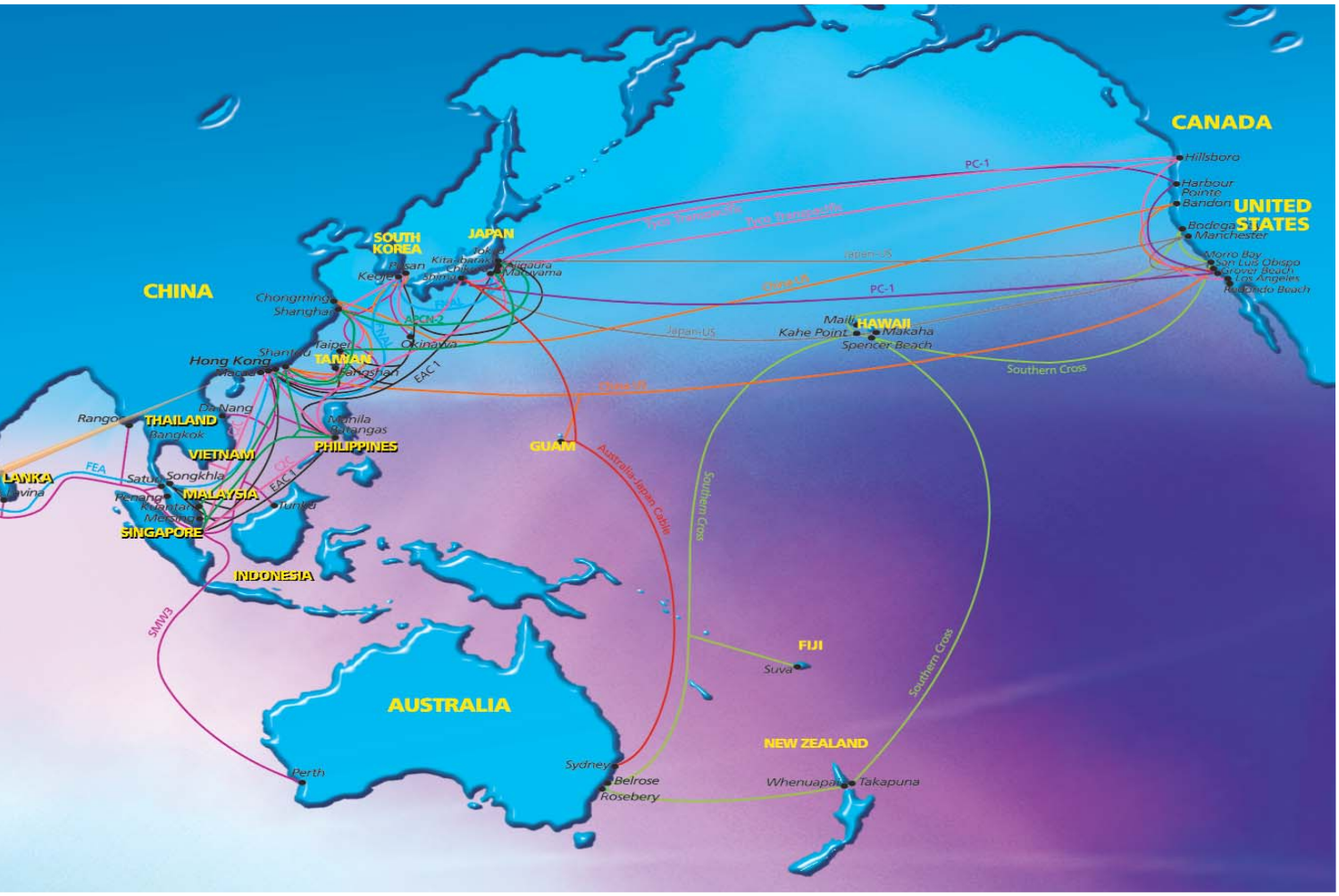
one of the fastest commercially available download and upload speeds on earth.

HGC enjoys the added benefit of three distinct revenue streams from its fibre optic network, in roughly equal measure. Besides providing a full package of local and international telecommunications services to both business and domestic users, HGC also leases its network capacity to other telecommunications operators and Internet service providers within Hong Kong and abroad.

Having built solid foundations in the local telecoms market, HGC is now extending its international network to emerge as a major carrier in the region and can offer its customers unrivalled support at the global level. The company has around 50 bilateral partners located in different parts of the globe, and has earmarked funds for further investments in upgrading technologies and establishing self-owned telecommunications facilities in markets with high potential. Where appropriate, HGC avoids excessive capital investment commitments through co-operating with key local players.

HGC ensures its customers of networking speeds that verge on the futuristic

For any business worth its salt, the combination of broadband and IT technology can provide real competitive advantages. With broadband, e-commerce becomes a realistic proposition, rather than a gleam in the IT manager's eye. Similarly, with today's businesses demanding the kind of bandwidth that enables video-telephony and Ethernet networking, HGC's investment in infrastructure is proving an inspired decision.



GLOBAL VILLAGE: HGC concentrates on providing customers with a seamless global offering. The company has 50 bilateral partners around the world and plans to invest further in promising markets.

"This is world-leading technology," confirms Wong. "As a result of HGC's work, Hong Kong is now one of the most connected cities in the world."

For residential customers, meanwhile, HGC has begun to make tangible the promise of digital media and interactive television. Users can now watch streaming video or utilise video on demand with considerable ease, while Hong Kong's gaming community can take advantage of cutting-edge upload and download speeds to engage in true interactive gaming with enthusiasts from across the globe.

Further demonstrating high-speed broadband's capacity to entertain, HGC in April joined forces with Microsoft's *Xbox Live* for ultra-fast online gaming *(see sidebar, p.25)*.

Global Links

Much of HGC's recent work has revolved around providing its customers with a seamless global offering, and the company draws on the well of technological innovation to pace this growth.

For HGC's business customers, Local Area Networks (LANs) serve as the nerve centre of their daily operations, enabling them to manage their knowledge through an efficient system of integrated computers. HGC has taken this concept one step further through its provision of a MetroEthernet service, which essentially allows companies to replicate their office LANs on a global scale. Wong is understandably enthusiastic about this development.

Hong Kong is now one of the most connected cities in the world

"The MetroEthernet service expands LANs to cover, for example, the whole of Hong Kong using Ethernet technology," he explains. "This allows high-speed inter-office technology."

For companies with factories in Southern China and offices elsewhere, this kind of technology becomes compelling. Head office can monitor inventory control at its factories at the

touch of a button, and can initiate a face-to-face video conversation with the factory manager to discuss the issue further. And all at speeds that would make you think the office was next door rather than hundreds of kilometres away.

The building blocks for this powerful service can be found in HGC's unparalleled international communications network. Since 2000, its local network has been directly connected to China Telecom's network in the Mainland through the Guangzhou-Shenzhen-Hong Kong synchronous digital hierarchy ring. This enables data traffic to and from China to be directly routed through Hong Kong.

"Demand is high in Southern China because of the number of people operating factories there," Wong confirms. "We now have the biggest capacity for connections to that region."

Meanwhile, the company has also been rapidly expanding its international presence, through a resilient international submarine cable system. It also has a global business network with points of presence and offices set up in China, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Los Angeles in the US.

The driver is simple: to provide customers with the same high-quality services, regardless of their actual geographic location.

With these overseas presences and ancillary facilities, the company is poised to grow into one of the region's leading telecoms service providers.

Well Connected

Wong is quietly confident about HGCH's long-term prospects, particularly as its infrastructure also offers the crucial flexibility to be easily upgraded, both in terms of capacity and speed.

"We have the technology and network to provide much higher speeds as market demand grows," he says.

The continued march of technological progress also ensures that HGCH is finding new ways of making its network services

Delivering Computer Power

When large companies or government departments in Asia need computer solutions, they generally turn to the Vanda Group.

Founded in 1982, the company specialises in delivering one-stop-shop information technology (IT) systems infrastructure and application solutions services.

One of the first entrants to import foreign PCs into China, Vanda operates across an extensive geographical range, spanning Mainland China, Hong Kong and Macau through Singapore, Malaysia and the Philippines. The company collaborates with global IT partners employing a wide range of application software, databases, hardware and development tools.

Its cutting-edge technologies and solutions are widely adopted by diverse industries including major banks, financial institutions, posts and telecommunications companies, utilities companies and government departments. Approximately 80% of Vanda's clients are banks.

Vanda is also the IT solutions provider for the HWL Group and became a member of the Group when it merged with Hutchison Global Communications and PowerCom in March 2004.

Among the company's numerous awards, it was named "The Best Solution Provider 2004" by IBM.

relevant to an increasingly connected society. The company maintains close contact with the other operations of the HWL Group and is quick to capitalise on potential synergies, whether it be driving convergence with 3, Hutchison's global 3G operations, or supplying superior capabilities to the 2G network of Hutchison Telecom (HK).

For the first time since its inception, the company recently turned a net profit and will soon begin reaping dividends from its HK$10 billion investment.

"We will go from strength to strength," Wong predicts.

For businessmen like Chen, the old Chinese concept of *guanxi* – a network of relationships among various parties for mutual benefit – is not the only currency that matters. Broadband connections have become equally vital. As Chen discovered, it is HGCH's ability to successfully anticipate and meet all its customers' needs that truly sets it apart.

Game Plan

When HGC launched the world's first International Ethernet connection to South Korea in March 2004, the service kicked off with a friendly video football match against Hong Kong.

"It was incredibly clear and realistic," recalls Peter Wong, CEO of HGCH. "This is very exciting for gamers."

While the match ended in a draw, the friendly encounter marked a major milestone in the international evolution of broadband technology.

It was the first time that two markets had established a direct Metro Ethernet link with each other across geographical boundaries, allowing users on both sides to interact at the same high speeds they would expect if they were in the same room. Known as an Inter-autonomous System International Ethernet Network, the link-up was the first of its kind in the world, and uses Virtual Private LAN Service.

For ardent gamers, the benefits are obvious. Internet gaming is overwhelmingly reliant on the kind of ultramodern bandwidth levels that HGCH can now provide – allowing users at different terminals to seamlessly integrate data-heavy graphics, animation and sound for the perfect gaming experience.

HGC has also partnered with Microsoft to ensure that its residential broadband service is Xbox Live compatible. This means Xbox users can use HGC broadband to talk and compete with nearly 750,000 gamers in the global Xbox Live community.

While the older generation may scoff at the benefits of letting their children waste more time playing video games, it is worth noting that online gaming is rapidly becoming a point of entry for the younger generation. These kids will soon enter the real world, where their automatic knowledge of HGC's superior broadband applications will be of real value when they become decision makers themselves.