

# ***Pacific Enterprise Capital, LLC***

## **Taking Advantage of Opportunities In The China Market --- NOW!**

**ASCDI Annual Spring Conference**

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**Key West, Florida**

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# **Are There Opportunities For ASCDI Members In China?**

**YES!**

# Macro-Driven Opportunities

- **Demand** cannot be met by domestic providers
- Entire networks need to be put into operation
- Experienced-based sophistication in modern application is missing
- Extensive workforce training is required
- Operations procedures, maintenance oversight, security systems all need to be set-up

# China market is policy-driven

- **Priorities**
- **Objectives**
- **Resource allocation**
- **Financing**
- **Implementation**
- **Operations**
- **Revenue**

# **Policy Determined by CCP Implemented by China's Government**

- **State Council**
- **National Development and Reform Commission**
- **Science and Technology Commission (Ministry)**
- **Regulation and compliance through network of ministries, commissions and bureaus**

## INFORMATIZATION

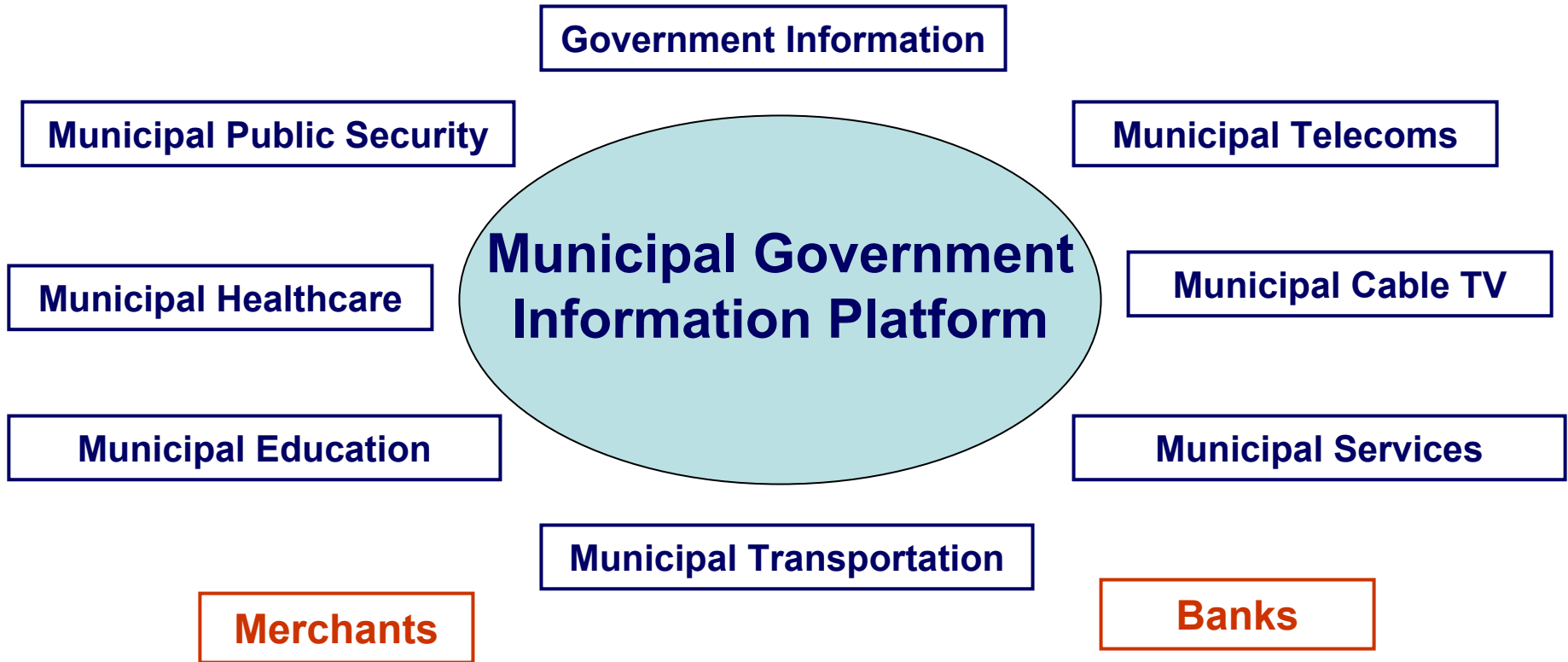
- **Digital-enabled convergence of basic services**
- **Manufacture of networking equipment, access devices**
- **Development of operating systems and application s/w**
- **Co-developing with China's rapid urbanization**

## INNOVATION

- **Moving up the value-chain**
- **Establishing Chinese-based standards**
- **Creating Self-sufficiency**
- **Becoming a global competitor**

# INFORMATIZATION

# Municipal Wide-Area Networks



# Municipal Wide-Area Networks

**Municipal Government  
Information Platform**

## **NDRC Pilot Projects to kick-off August, 2008**

- **Large-scale backbone enterprise system outsourcing services**
- **SME e-commerce services**
- **Mobile e-commerce**
- **Electronic authentication services / credit card service**
- **Wireless broadband technology applications**

# INNOVATION

# **Guidelines On National Medium and Long-Term Program For Science and Technology 2006 – 2020**

- 1. Innovation is a national strategy to modernize, strengthen and transform China into a global competitor**
- 2. Enterprises shall become the leaders of technical innovation**
- 3. A steady growth and development pattern will be established**
- 4. Construct the innovation system of the state**

- 5. Nurture and develop world-class experts**
- 6. Make use as much as possible global sources**
- 7. Popularize science**
- 8. Open national defense-related technologies to civilians**

**February 16, 2006**

## **National Development and Reform Commission**

- **Promote industrialization of new broadband generation**
  - **Key networking equipment including high-function routers**
  - **High-performance servers**
  - **High-speed long-distance optical transmission equipment**
  - **Serial IMS network equipment**

- Large memory systems, broadband (fiber, wireless) access equipment**
- Intelligence network monitor gateway**
- Key devices and chips for broadband communications**
- Broadband and network applications**
- Security products**
- Value-added services for broadband cable and wireless networks**
- New Internet applications**

- Digital copyright protection technologies**
- Software platforms and related tools applied to large networks**
- Product related to interconnection of networks and application models**

**February 22, 2008**

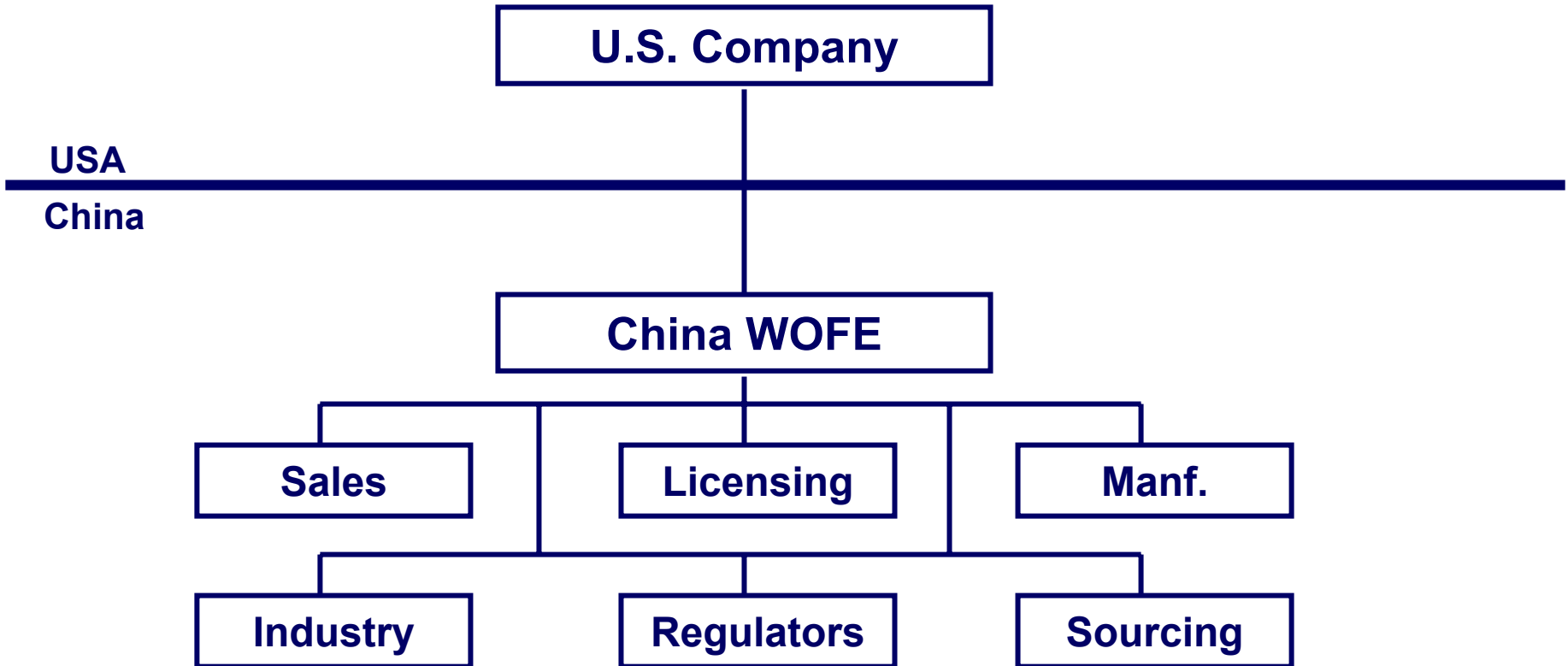
# Multiple Methods For Doing Business In China

**A decision to do business in China should only be made after careful consideration about how it will lead to the *overall growth* of your company**

- **Sales**
- **Manufacturing or assembly**
- **Licensing**
- **Primary service provider**
- **System integrators**
- **Joint venture**
- **Wholly-owned-foreign-enterprise (WOFE)**

# Wholly-Owned-Foreign-Enterprise (WOFE)

## Strategic Presence in China



# Is Your Company *READY* To Do Business in China?

## **Reasons U.S. Companies Are In China**

- **Company's own initiative to go to China**
- **Company is a supplier to major company in China**
- **Company's clients have moved to China**
- **Company's customers want "Asia pricing"**
- **Company responds to Chinese partnership offers**

# Company Readiness Factors

- **Company decision to be in China has to be CEO-driven**
- **Company should conduct three readiness assessments**
  - **Market assessment**
  - **Technology assessment**
  - **Revenue assessment**
- **China must contribute to the company's overall growth**
- **Company must be able to adapt to corporate cultural change**

**REMINDER: China is a policy-driven market**

# Protecting Your IP In China

## **Three Types of Patents in China**

- **Patent for Invention...20 yrs of duration**
- **Patent for Utility Model...10 yrs of duration**
- **Patent for Design...10 yrs of duration**

## **Types of Infringements**

- **Manufacturing**
- **Using**
- **Offer to selling**
- **Selling**
- **Importation**

## **Types of Enforcement**

- **Civil Remedy**
- **Administration Action**
- **Criminal Sanctions on Infringers**

## **Protecting IP In China**

- **Make IP a priority --- driven by CEO**
- **Conduct a China patent search**
- **Register IP in China patent regime**
- **IP protection costs built into Opex**
- **Engage a security firm to monitor the market**
- **Take action against violators**

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