



Tech companies looking to poorer countries' markets, UN panel told

18 May 2007 –

The larger information technology corporations in Silicon Valley are undergoing a “significant mindset change” regarding emerging markets, a top executive has told a panel at the United Nations.

Information technology (IT) companies were seizing the opportunity to think very differently about providing products that would be used in different ways than in developed nations, said Gary Bolles, President of Microcast Communications. But some companies were still reluctant to enter developing country markets for a variety of reasons.

One problem, said Richard LeFave, Chief Information Officer of Sprint Nextel, was insufficient spectrum. Governments had a responsibility to manage the spectrum as a resource, just like water and electricity. “We would not be in India or Brazil if there was not a capability for us to operate there. And the intellectual capability available in a country makes a big difference, too.”

Wireless, including broadband, was providing a new set of tools for deploying telecommunications capabilities, Mr. LeFave said. The number of accesses in the 14 Latin American countries where his company was present had tripled since 2002, mainly thanks to wireless technology. Developing countries that had introduced wireless had registered significant growth.

Wireless was constantly achieving higher speed and lower costs: this would benefit developing countries and “bridge many gaps that seemed previously unbridgeable,” he added. The combination of wireless technologies with new capabilities and software tools would develop a new set of applications for countries in their quest for economic growth.

To convince IT companies to enter developing markets, “you have to stimulate a need for technology, to create a demand for IT applications, as well as efficient markets,” said Antonio Castillo Holgado, Deputy Director of Corporate Affairs, Telefonica. The public and the private sectors should work together to create capability, focusing on all applications. “You can then sell technology as a tool -- for instance for disseminating health information.”

The traditional way of thinking was that first research and development created products, then these would go into production, and finally they would be marketed. But in developing countries “first you create an attractive market, then production will come in, and finally R & D,” he said.

“You have to live in a market, observe it, be there, study it before you introduce a product,” said Tero Ojanperä, Executive Vice-President and Chief Technology Officer of Nokia. “You don’t just push the technology.”

The world had now 2.6 billion mobile users, Mr. Ojanperä said. Their number would increase to 4 billion by 2010 and to 5 billion by 2015, nearing universal connectivity. But first a number of steps were needed, and one of them was education. In China, Nokia was providing, together with other partners, English courses through mobile phones. African farmers were using Short Message Service (SMS) via mobile phones to find out prices for their crops and decide the best moment for selling.

The Internet was not just available in advanced markets, he said, but was present in almost every network in the world. It provided unprecedented opportunities for small entrepreneurs, for software developers, for a host of small businesses. Handset-based technologies were progressing quickly, mobile phones were becoming more and more like personal computers, and this expansion of capabilities would benefit developing countries.

People in developing countries were ready to spend 8 to 12 per cent of their income in phone calls, said Heather Hudson of University of San Francisco. “There is much more demand than we think: businesses, schools, institutions, are ready to pay.” What was needed was to bring down regulatory barriers and let in competitors, as countries with monopolies had a much lower mobile growth rate.

The Internet worked out in rural areas just as well as it did in urban settings, said Jose Alberto Cuellar Alvarez, speaking via videoconference from the UN Information Centre in Mexico City. The Internet had improved market efficiency, speeded up information exchange and opened a host of new possibilities: for instance, agricultural producers in remote rural areas could now advertise and sell their products on a scale previously not possible.

Governments should play a major role in devising strategies for using IT technologies, he said, linking the spread of IT to overall development plans. For instance, “public policies for roads should go hand in hand with IT policies,” he said.

The meeting, “Tale of Two Worlds: Keeping Pace with a Moving Target”, which marked [World Information Society Day](#), 17 May, was organized by the Global Alliance for ICT and Development and the United Nations Association Diaspora Network.