

The China Tech scene

University of Auckland Business School CODE Seminar

Ken Schulz

November 4, 2020

About the speaker



Ken Schulz

Silicon Valley native, 15 years tech related business experience on the ground in China

Tech career highlights:

IBM

Hewlett-Packard

Pactera (China's #1 Digital Services player)

Atos (Europe's #1 Digital Services player)

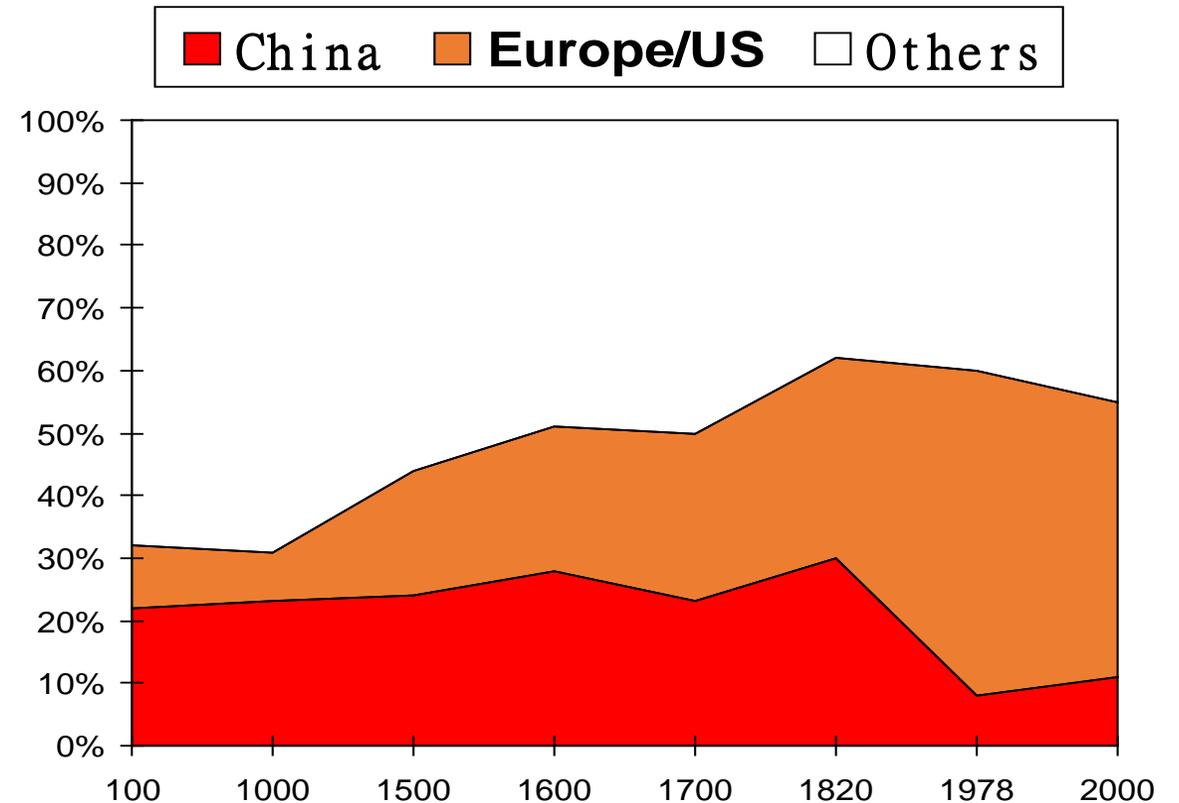
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China's emergence in the world economy

- Historically a “superpower” nation, but has been recovering from a 150 year depression
- Longest continuous civilization
- Strong bureaucratic tradition
- History of commerce

China's GDP (%) in contrast to others (2000 years)



“Digital Silk Road” part of broader “One Belt, One Road”

Disseminates technologies and standards abroad



Top 100 Global Brands

Any familiar Chinese tech brands?

01  +38% 322,999 \$m	02  +80% 200,667 \$m	03  +53% 166,001 \$m	04  -1% 168,444 \$m	05  +2% 62,289 \$m	06  -10% 56,894 \$m	07  -8% 51,595 \$m	08  -3% 49,268 \$m	09  -6% 42,816 \$m	10  -8% 40,773 \$m
11  -4% 39,756 \$m	12  -8% 36,971 \$m	13  -12% 35,178 \$m	14  -14% 34,885 \$m	15  +6% 34,388 \$m	16  -4% 34,119 \$m	17  -2% 31,720 \$m	18  +12% 28,011 \$m	19  New 26,060 \$m	20  -11% 21,694 \$m
21  -4% 21,203 \$m	22  +6% 20,220 \$m	23  -10% 19,458 \$m	24  +6% 19,161 \$m	25  +3% 18,870 \$m	26  -9% 18,603 \$m	27  +41% 18,206 \$m	28  +0% 17,961 \$m	29  -30% 17,961 \$m	30  New 17,328 \$m
31  +2% 16,552 \$m	32  -2% 15,675 \$m	33  -3% 15,606 \$m	34  -4% 15,073 \$m	35  -13% 14,862 \$m	36  +1% 14,295 \$m	37  -14% 14,008 \$m	38  +2% 13,900 \$m	39  +7% 12,935 \$m	40  New 12,785 \$m
41  +41% 12,665 \$m	42  -12% 12,568 \$m	43  +8% 12,553 \$m	44  -2% 12,428 \$m	45  +15% 12,397 \$m	46  +2% 12,277 \$m	47  -5% 12,267 \$m	48  +3% 12,211 \$m	49  +7% 12,129 \$m	50  +1% 12,070 \$m
51  +14% 12,010 \$m	52  -6% 11,936 \$m	53  +0% 11,671 \$m	54  -16% 11,578 \$m	55  -3% 11,301 \$m	56  -5% 11,246 \$m	57  +17% 11,055 \$m	58  +34% 10,755 \$m	59  -8% 10,553 \$m	60  +38% 10,514 \$m
61  +2% 10,512 \$m	62  +4% 10,340 \$m	63  +8% 10,252 \$m	64  -14% 10,118 \$m	65  -11% 9,740 \$m	66  -8% 9,547 \$m	67  +4% 9,409 \$m	68  +6% 9,345 \$m	69  +8% 8,865 \$m	70  +52% 8,389 \$m
71  -15% 8,057 \$m	72  +9% 7,535 \$m	73  -9% 7,494 \$m	74  -12% 7,474 \$m	75  +5% 7,367 \$m	76  +31% 7,296 \$m	77  -16% 6,654 \$m	78  +3% 6,563 \$m	79  -1% 6,379 \$m	80  -9% 6,301 \$m
81  +5% 6,289 \$m	82  -1% 6,288 \$m	83  -1% 5,988 \$m	84  -14% 5,855 \$m	85  -6% 5,844 \$m	86  -9% 5,830 \$m	87  +1% 5,764 \$m	88  -2% 5,520 \$m	89  -9% 5,367 \$m	90  +8% 5,210 \$m
91  -3% 5,123 \$m	92  -7% 5,111 \$m	93  -13% 5,077 \$m	94  -7% 4,966 \$m	95  -10% 4,965 \$m	96  -13% 4,942 \$m	97  -8% 4,809 \$m	98  New 4,555 \$m	99  -6% 4,495 \$m	100  New 4,481 \$m

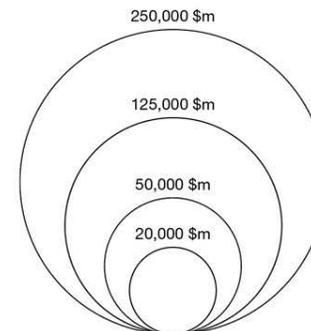
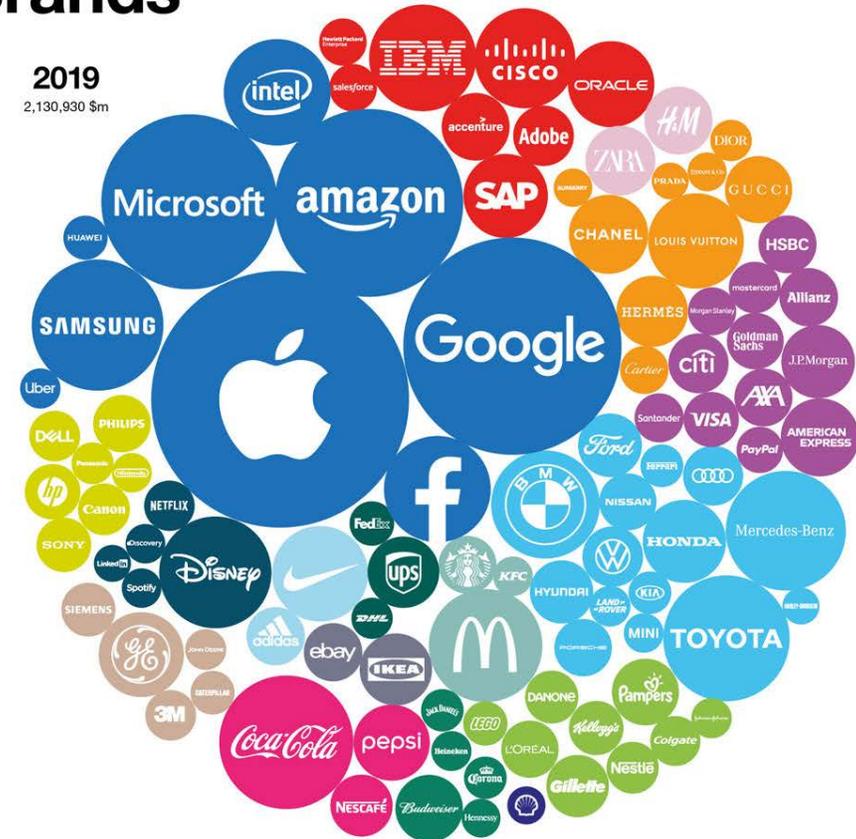
Source: Interbrand, 2020

Any familiar Chinese tech brands?

Cumulative Brand Value of the 100 Best Global Brands

Interbrand Best Global Brands 2019
The ranking of the 100 most valuable global brands

2019
2,130,930 \$m



- | | | |
|-------------------|--------------------|-------------------|
| Alcohol | Energy | Retail |
| Apparel | Financial Services | Pharmaceutical |
| Automotive | FMCG | Sporting Goods |
| Beverages | Logistics | Technology |
| Business Services | Luxury | Telecoms Services |
| Diversified | Media | Tobacco |
| Electronics | Restaurants | Toys & Games |

The Interbrand Best Global Brands is provided by Interbrand for informational purposes only, and is based on methodology that includes subjective components. It should not be construed as a recommendation or advice. You can view the full Terms and Conditions of accessing the Interbrand Best Global Brands rankings at www.interbrand.com/best-global-brands-terms-and-conditions/

Source: Interbrand, 2019

BRANDZ™ TOP 50 CHINESE GLOBAL

BRAND	CATEGORY	BRAND POWER	BRAND POWER % Change 2020 vs. 2019
1 HUAWEI	Consumer Electronics	1,938	+4%
2 Lenovo	Consumer Electronics	1,881	+11%
3 Alibaba Group 阿里巴巴集团	E-commerce	1,666	+3%
4 ByteDance	Content Apps	1,368	+56%
5 mi Xiaomi	Consumer Electronics	1,098	+3%
6 Haier	Home Appliances	835	+8%
7 Hisense	Home Appliances	821	0%
8 OnePlus	Consumer Electronics	771	+20%
9 AIR CHINA 中国南方航空	Airlines	713	-2%
10 WANGJINGYI 五粮液	Alcoholic Drinks	674	NEW
11 ANKER	Consumer Electronics	546	-10%
12 oppo	Consumer Electronics	518	+51%
13 SHEIN	Online Fast Fashion	490	+4%
14 DJI	Smart Devices	460	-7%
15 中國銀行 BANK OF CHINA	Banks	460	-12%
16 Tencent 腾讯	Mobile Gaming	454	+34%
17 中國東方航空 CHINA EASTERN	Airlines	447	-1%
18 FUNPLUS	Mobile Gaming	438	-24%
19 zenjoy	Mobile Gaming	396	+22%
20 vivo	Consumer Electronics	348	+35%
21 HONOR	Consumer Electronics	345	+34%
22 TCL	Home Appliances	317	-21%
23 miHoYo	Mobile Gaming	310	NEW
24 MOONTON	Mobile Gaming	298	NEW
25 NETEASE www.163.com	Mobile Gaming	295	+23%

The Brand Power evaluation of Haier is based on global business of Haier Smart Home Co., Ltd., one of the subsidiaries to Haier Group.

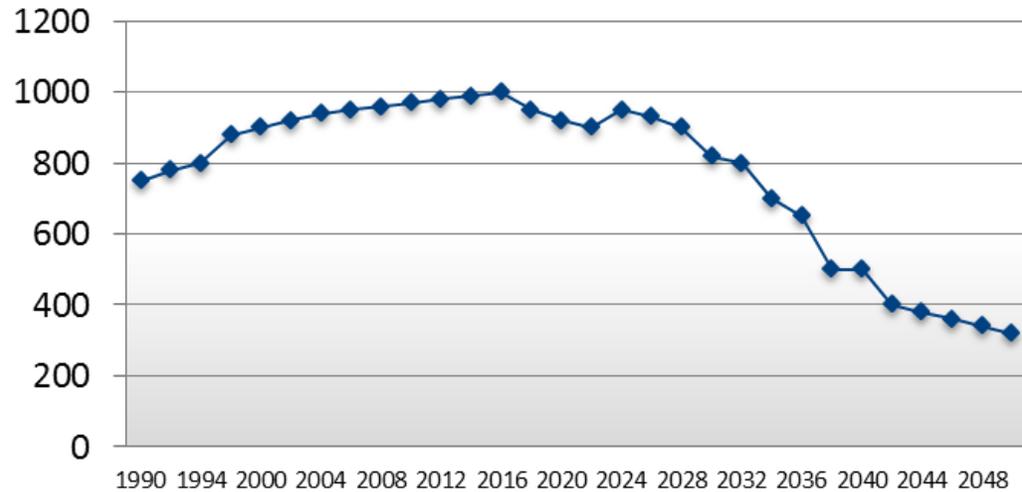
BRAND BUILDERS 2020

BRAND	CATEGORY	BRAND POWER	BRAND POWER % Change 2020 vs. 2019
26 ZTE 中兴	Consumer Electronics	287	+16%
27 ECOVACS	Smart Devices	274	-20%
28 IGG IGG GAMES	Mobile Gaming	254	-39%
29 elex	Mobile Gaming	250	+9%
30 IM30 Long Tech Network	Mobile Gaming	247	+73%
31 BIGO	Content Apps	242	+4%
32 中國石油 PetroChina	Oil & Gas	227	-14%
33 中國南方航空 CHINA SOUTHERN	Airlines	222	-17%
34 MEIZU	Consumer Electronics	217	-1%
35 AUKEY	Consumer Electronics	215	+37%
36 UnionPay International	Payment Networks	203	-13%
37 HAVAL	Cars	203	+35%
38 ZAFUL	Online Fast Fashion	202	-31%
39 GREE 格力	Home Appliances	200	-20%
40 CHERY	Cars	199	+10%
41 吉利汽車 GEELY AUTO	Cars	198	+26%
42 Trip.com	OTA	196	NEW
43 tap4fun	Mobile Gaming	194	-34%
44 京东 JD.com	E-commerce	193	+6%
45 BYD	Cars	191	+25%
46 中國石化 SINOPEC	Oil & Gas	191	-22%
47 Gearbest QUALITY AFFORDABLE FUN	E-commerce	188	-31%
48 ICBC 中國工商銀行	Banks	187	+9%
49 CAMEL GAMES	Mobile Gaming	186	NEW
50 ONE111	Mobile Gaming	185	NEW

Tech
leads
the way
in China

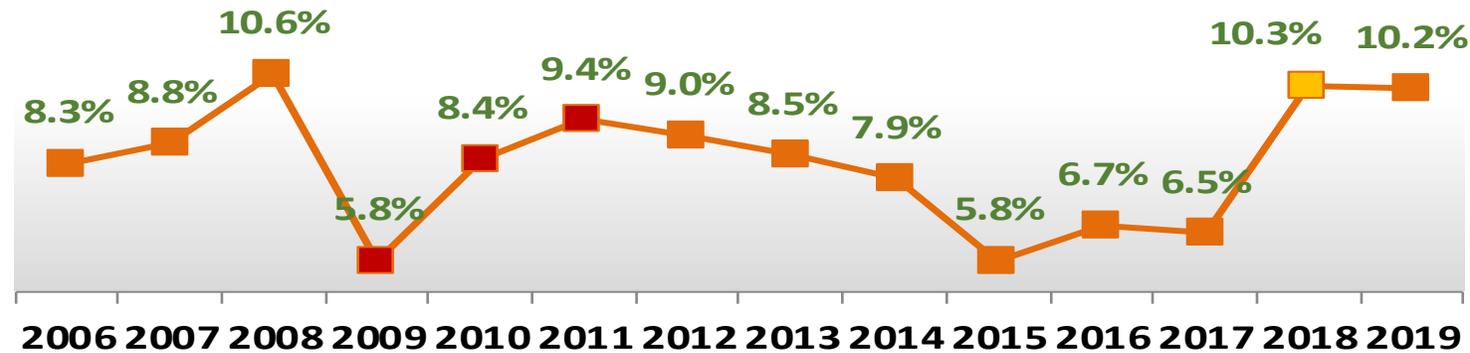
With China Labor Force Peaking in 2014 and High Wage Inflation, Labor Cost Arbitrage as A Competitive Edge is Disappearing

WORKING AGE POPULATION (AGE 16-65), Million PERSONS



China Labor force peak in 2014 and then decline

RUNNING WAGE COST



Sources: Hewitt China Salary Research Report, up to 2017
National Bureau of Labor Statistics of China, 2018-2019

Wage Cost: substantial increases YoY

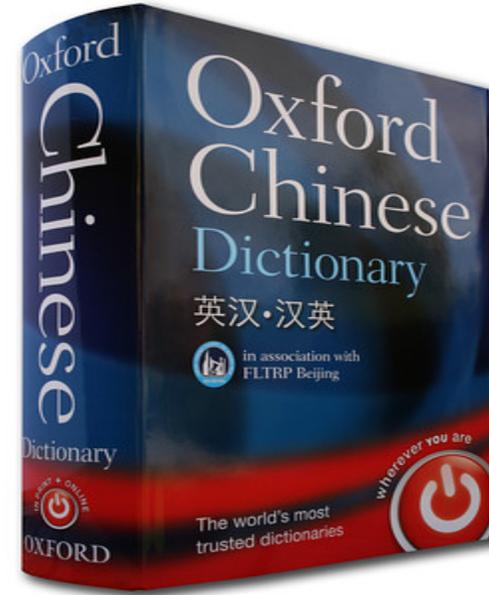
Negative Perceptions



Freedom,
Regulations



Security,
Privacy



Language,
Communication,
Culture

Quality,
Safety



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THE CYBERCRIME ECONOMY

China's military denies hacking allegations

CNNMon

986 comments

By Charles Riley @CNNMoneyTech February 20, 2013: 3:52 AM ET

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4 more years?

Trade War Triggers

Made in China 2025

Approved by State Council in 2015

Transform the country into a hi-tech powerhouse in advanced industries like robotics, information technology, aviation, and new energy vehicles.

China's trade surplus (goods + services)

2019: USD 296 billion with U.S., EURO 164 with EU

Deficit with New Zealand

Tariffs (but who pays?)

- U.S. China imports: USD 250 billion
- China U.S. imports: USD 50 billion (less to play with)

Non-tariff barriers

- National security (e.g. CFIUS - Committee On Foreign Investment In The U.S.)
- Data security laws and restrictions
- Market access (China)



“We are under no pressure to make a deal with China, **they are under pressure to make a deal with us,**” Trump tweeted. “Our markets are surging, theirs are collapsing.” *Trump tweet*

“**The Trump administration should not be mistaken that China will surrender to the U.S. demands.** It has enough fuel to drive its economy even if a trade war is prolonged,” *China Daily*



WTO Reform



“The current world trade system is not perfect and China supports reforms to it, including to the World Trade Organization, to make it fairer and more effective.

The basic tenets of the WTO, in opposing protectionism and supporting free trade should not change, but **the rights of developing nations should also not be overlooked.**”

Beijing’s top diplomat Wang Yi (王毅)

“

China became a member of the World Trade Organization (WTO) in **2001**

Made in China 2025

Made in China 2025: Target Sectors



Electrical
equipment



Farming
machines



New
materials



Energy saving and
new energy vehicles



Numerical control
tools and robotics



Information
technology



Aerospace
equipment



Railway
equipment



Ocean engineering
equipment and
high-end vessels



Medical
devices

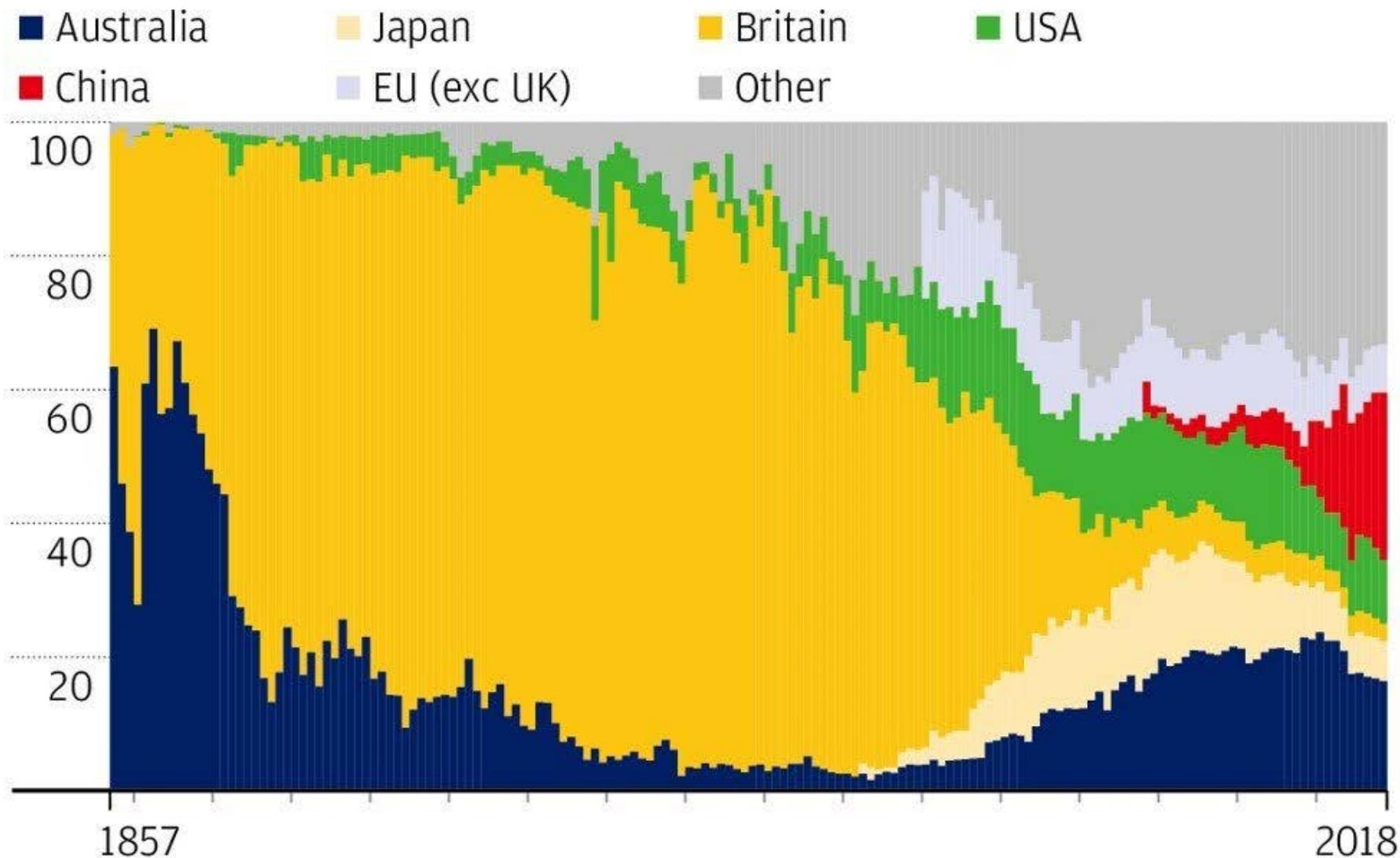
Made in China 2025 highlights

Made in China 2025 seeks to engineer a shift for China from being a low-end manufacturer to becoming a high-end producer of goods

- Raise domestic content of core components and materials to 40% by 2020 and 70% by 2025. The plan explicitly refers to how much of China's technology market could be controlled by Chinese companies and how many component parts in different products needed to be 'Made in China'
- A separate document details China's strategy to lead in artificial intelligence by 2030

Some foreign governments view the effort to make Chinese domestic companies self-sufficient as creating an unfair playing field in the Chinese market, which would then have a knock-on effect in other markets as Chinese companies expand abroad

Share of New Zealand's export market over time (% of total)

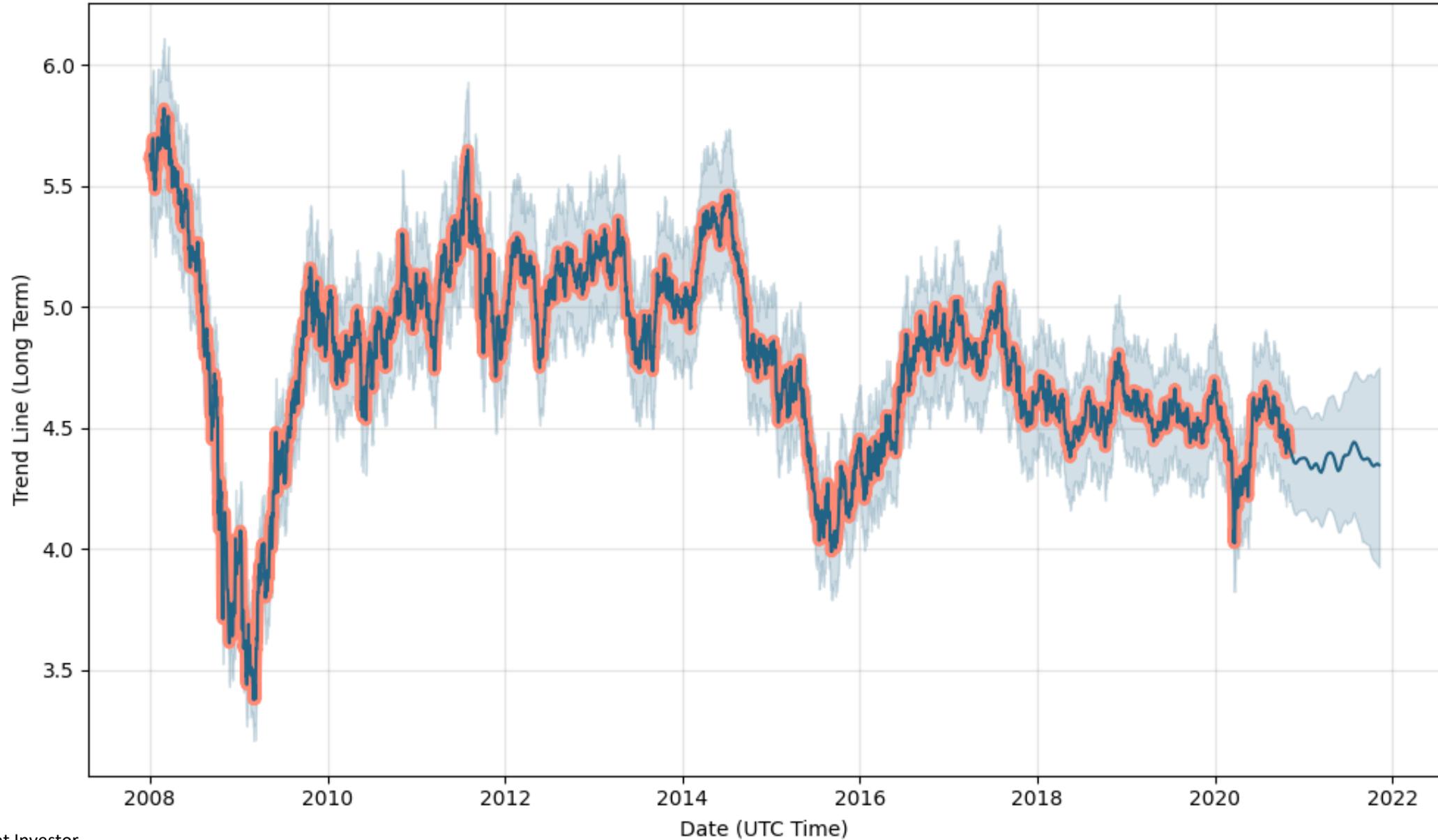


Note: China included in 'other' before 1988

Sources: Nzier 1850 website, Stats New Zealand

SCMP

Currency Movement of CNY and NZD: Favorable tradewinds

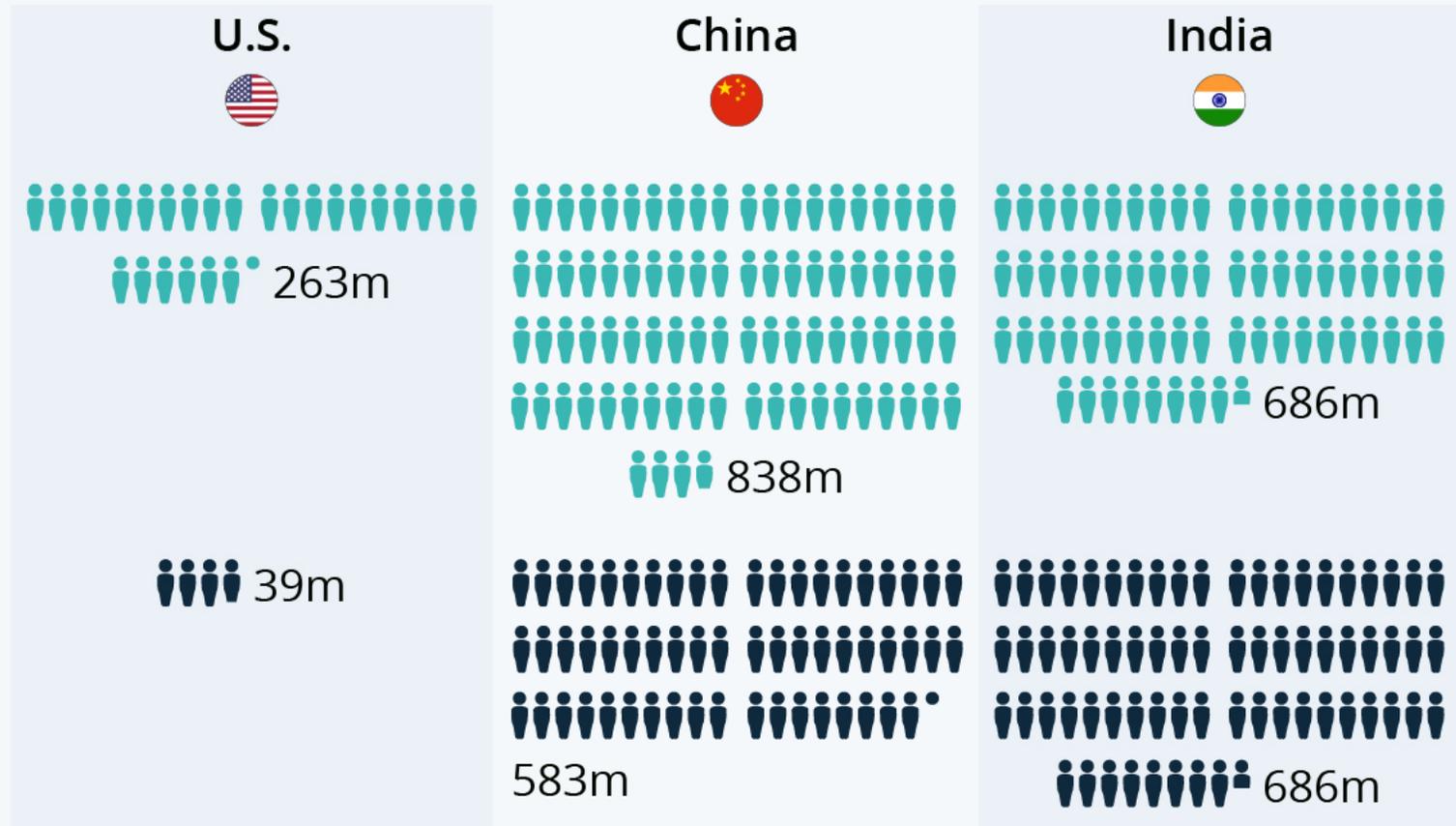


Digital Business In Asia Pacific

Asia's Vast Digital Potential

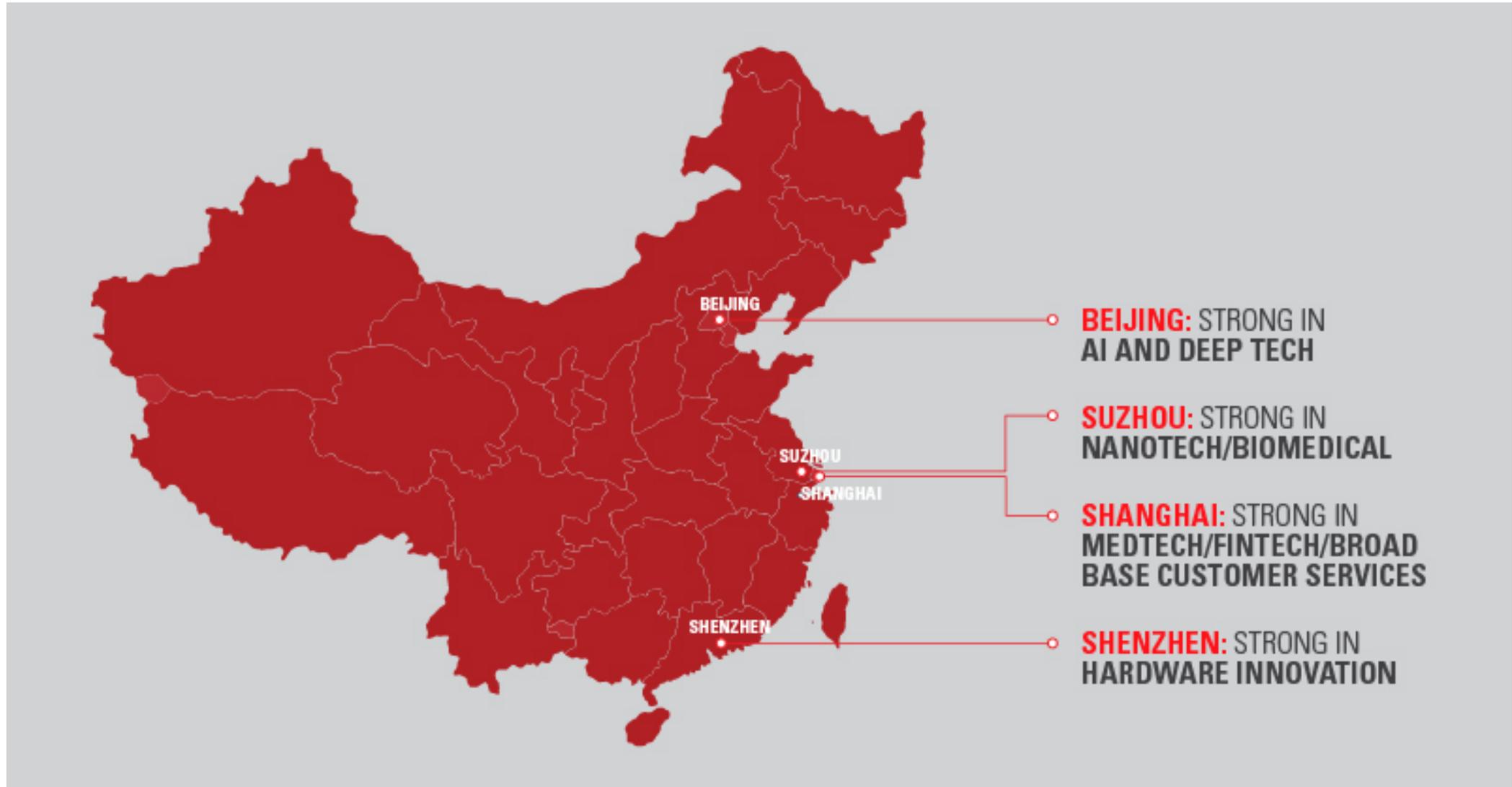
Online vs. offline population in China and India compared to the United States in 2020

 Online population  Offline population



Source: Datareportal 2020 Global Digital Overview

China's regional technology strengths



China Key Technologies & Industries

Technologies

AI

- “New Generation Artificial Intelligence Development Plan” sets goal of creating a \$150 billion AI market and becoming a global leader by 2030.

5G

- Only country that is ahead of UN’s International Telecommunication Union’s “2020 5G development schedule”.
- Last year Huawei supplied 28% of global telecoms equipment.

Industries

E-commerce

- Accounts for half of the world’s e-commerce transactions, compared to less than 1% a decade ago.
- Value of e-commerce transactions greater than US, UK, France, Germany and Japan combined.

Fintech

- Emerging as the world’s fintech market leader with massive investment.
- Nine of the 23 privately held fintech unicorns are based in China.
- Value of China’s mobile payments over 10 times more than the US.

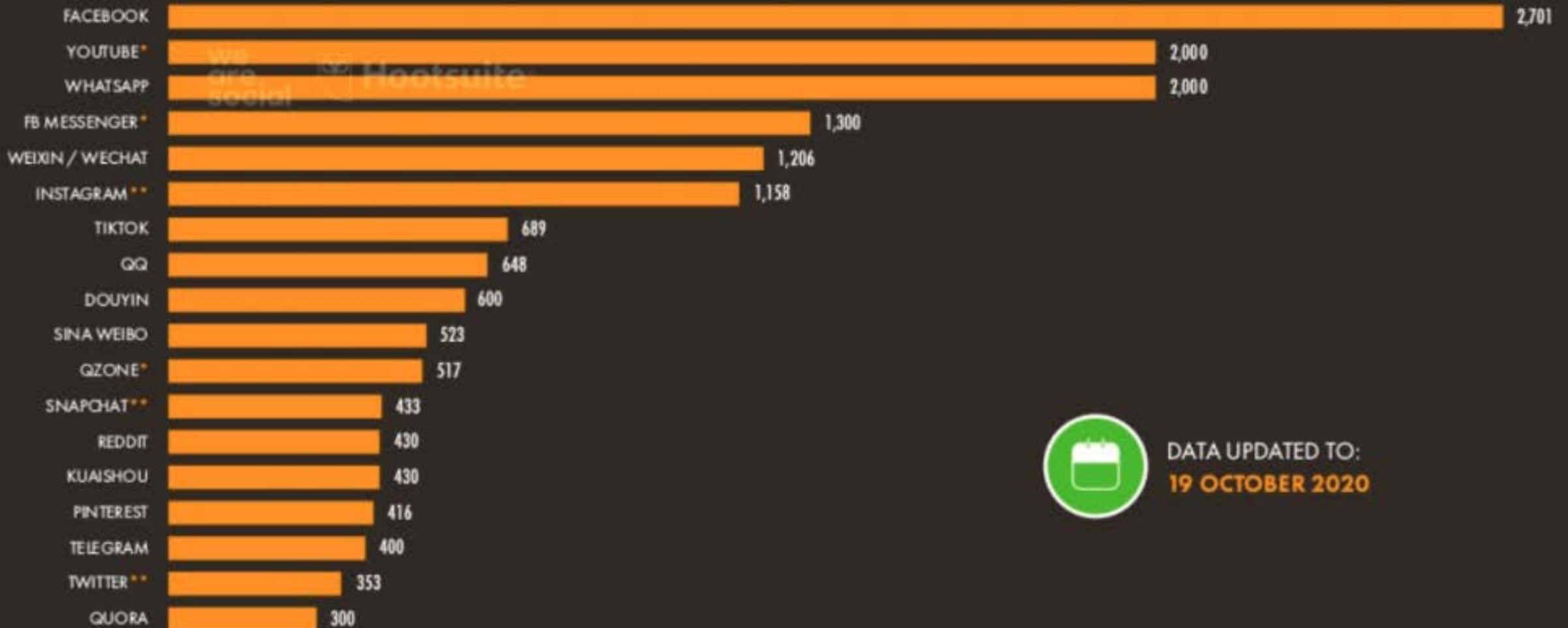
Energy

- World’s highest producer, exporter and installer of electric vehicles, solar panels and batteries.
- Ambition to reach a 90% share for new energy vehicles by 2025.
- Beijing alone has almost as many EV chargers as the whole US.

OCT
2020

THE WORLD'S MOST-USED SOCIAL PLATFORMS

BASED ON MONTHLY ACTIVE USERS, ACTIVE USER ACCOUNTS, OR ADDRESSABLE ADVERTISING AUDIENCES (IN MILLIONS)



DATA UPDATED TO:
19 OCTOBER 2020

Digital Journey in China (video)



[CEOEnglish: 令老外惊艳的中国新四大发明](#)

乐呵老何Jason He在2018年在德国柏林演讲时用的
自己制作和配音的开场视频

mp.weixin.qq.com

Thank you