

# ICT IN EAST ASIA: OPPORTUNITIES & CHALLENGES

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# Outline

- General framework - GPNs & GINs
- Are Canadian ICT firms plugging in?
- Case studies:
  - Shenzhen & Hong Kong
  - Korea
  - Japan
- China versus East Asia comparison
- Opportunities and challenges

# Global Production Networks

- General framework
  - Global nexus of interconnected functions through which goods and services are produced and distributed
- Characteristics:
  - States embed their companies in GPNs
  - Companies re-embed from their states to GPNs (Strategic coupling)
  - States are challenged in steering domestic firms and industrial transformation
- GPNs are refracted through national / local contexts

# Global Innovation Networks

- General framework
  - Global nexus of interconnected operations by which firms and non-firm organizations engage in the development or diffusion of innovations
- GINs and GPNs are two different but interwoven layers of the firms' global value creation networks
- Difference
  - GPNs are formed for efficiency and market access
  - GINs are formed for knowledge and competences

# Plugging in

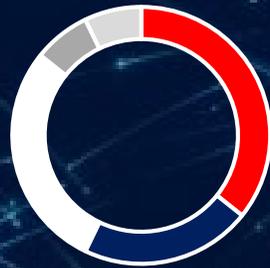
- The role of local networks in GPNs
- Considerations:
  - National Innovation Systems
  - POLITICAL economy
  - Barriers
  - Push-side bottlenecks



# Canadian ICT firms

Shenzhen

14



■ ON □ QC ■ BC ■ AB ■ MB

Tokyo

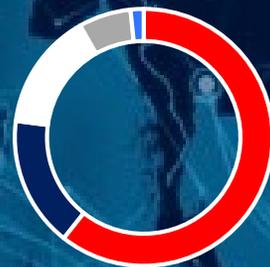
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■ ON □ QC ■ BC

Hong Kong

61



■ ON □ QC ■ BC ■ AB ■ NS

Seoul

15



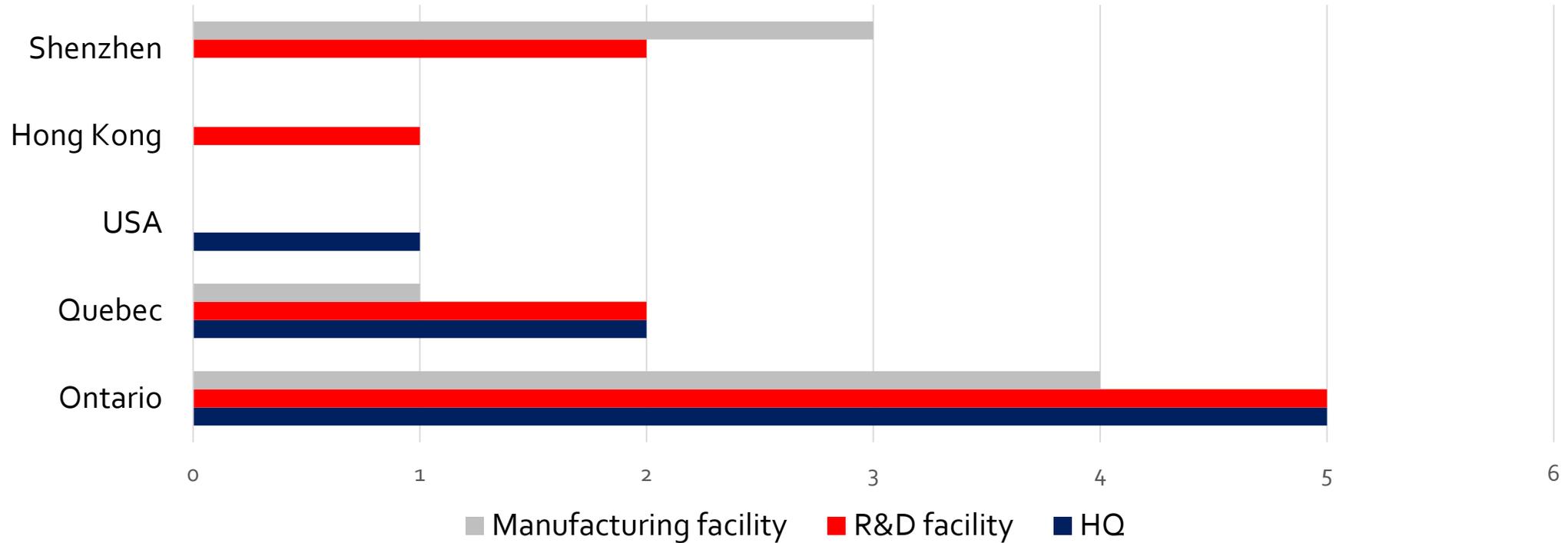
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# Case study 1 – Shenzhen and Hong Kong

- “Global business accelerator”
- NOT gateway into Chinese market
- Platform – prototyping, investment, supplier networks
- HK/China advantage
- Spring board to global market

# Case study – HAX in Shenzhen

Where are your company's activities located?

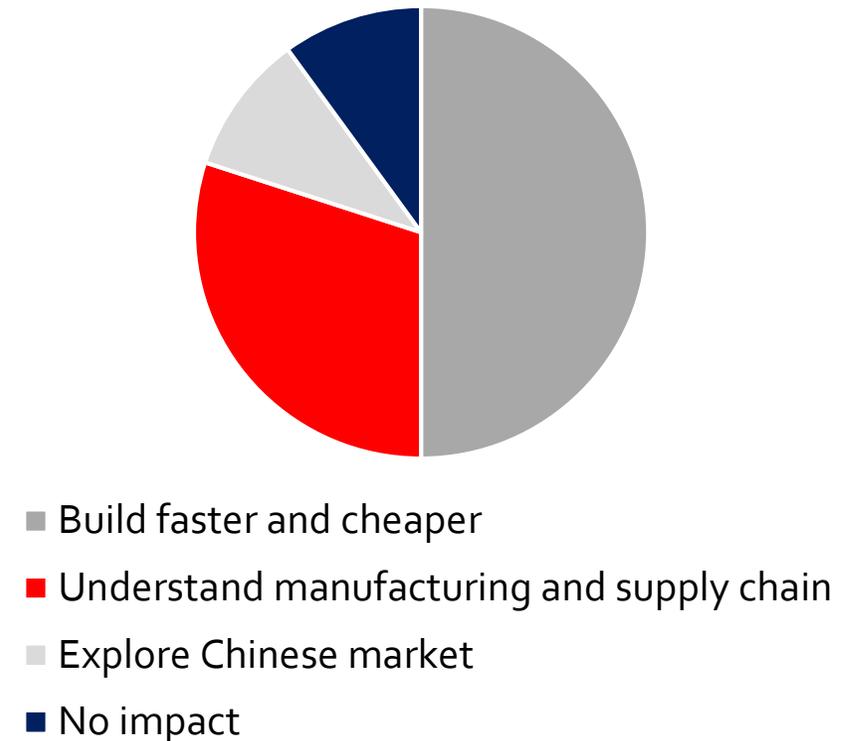


# Case study – HAX in Shenzhen

Main factors to go to Shenzhen/HAX



Impact on business model and strategies



# Case Study 2 – Korea

- Closed
- Chaebol dominant
- Predatory chaebols
- Weak SME sector

# Case Study 3 – Japan

- From “market ready” to “Japanese market ready”
- Dominant firms + local supplier networks
- Local partners
- Systems integrators | gatekeepers
- Government policy versus large firms

# China versus East Asia comparison

- Accelerator versus Gatekeeper
- Export versus home market
- RCEP/TPP versus Made in China

# Opportunities and challenges – summary

- Opportunities

- Transition to software
- Asian firms need to globalize
- Canadian R&D

- Challenges

- Relatively closed networks
- Canadian firms need to displace existing suppliers in networks
- Patience and local know-how
- Canada has mostly small/medium SMEs which do not have the required assets to succeed

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