

# Dalian focuses on new engine for growth

By ZHU CHENGPEI  
AND CONG RONG

The city of Dalian aims to become a world-class software city, said senior government officials at the 8th China International Software & Information Service Fair (CISIS), which opened Tuesday in Dalian in northeast China's Liaoning province.

"Dalian is currently among the best software cities in China, especially in terms of software export and outsourcing," said Xia Deren, secretary of CPC Dalian municipal committee.

According to a report issued by the International Data Corporation on global delivery index in 2008, Dalian ranks No.1 in China and No.5 in the world.

"We plan to build a world-class industrial zone on the Lushun South Road by 2020, with world-class output value and export volume," he said.

Xia pointed out that more and more multinationals are moving their outsourcing business to China to reduce costs after the global financial crisis.

At the same time, the domestic software market has also expanded quickly.

Xia said Dalian is to adopt new policies to encourage the development of the software sector, such as encouraging domestic companies to go abroad to annex foreign software businesses and opening up new markets at home.

"We have seized the opportunities brought by economic globalization in the past 10 years and we will face new challenges and opportunities in

## No 1

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## 80

The number of conferences, forums and exhibitions at this year's fair

## 35,000

square meters  
The exhibition area of this year's fair

the coming 10 years," he said.

### Increasing influence

As the only national-level software fair approved by the State Council and a major global software event, the annual CISIS has gained solid recognition from home and abroad since it was first held in 2003.

This year's fair, to be held from June 22 to 25, consists of over 80 conferences, forums and exhibitions. The activities will cover the fields of software innovation, service outsourcing, industrial trends, copyright protection, project management and engineering innovation.

An IT project management forum and engineering innovation forum are to be held for the first time.

"The software and information service industry, which has acquired a strategic position in China, is playing a significant role in promoting

the nation's economic growth," said Dai Yulin, vice mayor of Dalian and secretary general of CISIS.

Dai said CISIS has become the most influential software event in China and an important platform of international cooperation and trade in the IT industry.

More than 50 major multinationals, such as Intel, Microsoft, Oracle, IBM, SAP and HP, set up pavilions at the fair. Major domestic IT companies, including Lenovo, Neusoft, UFIDA, Hualu, hiSoft, and DHC are also taking an active part in the fair.

They will fully display the latest developing trends in the world software industry as well as the robust development of China's software industry.

"The number of enterprises and business people attending this year's fair has reached a record high," Dai said.

"Energy-efficient, low-carbon and environmentally friendly products and services will play a major role."

He said this year's exhibition area reaches 35,000 sq m, covering almost all fields of IT industry, including system software, supporting software, application software, embedded software, system integration solutions, software information services, telecommunication equipment, computer production and new media.

Visitors will see clearly the developing trend of the software industry and experience the tremendous changes the software industry has brought to society.

The main forum, the International Software and Information Services Forum and Entrepreneurs Summit, is the highest-level forum



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The China International Software and Information Service Fair 2010 opened Tuesday in Dalian.

for China's software sector.

Senior government officials, leaders of major multinationals and IT professionals will gather in the forum to discuss how to build a green IT sector.

The other forums are held to examine the current situation of the IT sector from various perspectives so that companies and business leaders can get a full understanding of the whole sector and its developing trends.

### Room for development

"The change and upgrade of China's industrial structure has created a big market demand, which provides tremendous room for software technological innovation and application," said Liu Dechun, director of Dalian Foreign Trade and Economic

Cooperation Bureau.

He said that a lot of foreign multinationals, financial institutions, outsourcing companies, software providers, software integrators, telecommunication operators, management consulting companies and professional training institutions have poured into China in recent years.

They have stimulated China's domestic software sector to establish the systems of R&D, management, market expansion, outsourcing and personnel training.

The customer resources at CISIS are shared by the software industry nationwide. Delegations and enterprises from China's provinces and municipalities have signed numerous cooperation or investment projects with customers at each year's fair.

Liu said the past seven fairs have not only contributed to the nation's software sector development, but also have boosted the economic growth of Dalian.

Since 2003, over 50 major multinationals have established their software or information service agencies here. As an old industrial city in Northeast China, Dalian used to rely on the heavy chemical industry, which brought serious pollution.

Today, the modern service industry, represented by the software and information sector, has taken a dominant role in the city.

In 2009, the city's software sales income reached 40 billion yuan and its software export volume hit \$1.4 billion, an increase of more than 30 percent over 2008.

## Yida Group tycoon steers flagship from realty to information technology

By ZHU CHENGPEI  
AND HUO YONGZHE

The definition of an entrepreneur in business textbooks is someone who pioneers innovation, starts new ventures and has social responsibility.

Judging from his odyssey over the past 26 years, Sun Yin-huan, chairman of Yida Group, has those distinctive marks of entrepreneurship.

When Sun started his small construction company with 50 or so humble farmers in 1984, computer giant IBM had not yet set up its first mainland office.

Today Sun heads China's most reputable software park developer providing services to more than 500 high-tech firms, including 40 Fortune 500 multinationals.

Yet he remains very low profile and says his success is a story of luck.

### Turning to high-tech

A Dalian native, Sun began building houses and buildings in suburban areas of the city in 1984. It was a courageous ven-

ture as very few people wanted to start private business at that time, just six years after China started its historic opening-up.

The bold effort helped the company that would become Yida earn 3.5 million yuan, an unbelievable number at the time, almost equaling the total annual income of 10,000 Chinese, who only made on average 300 to 400 yuan that year.

Following two and a half decades of rapid growth, Yida is one of Dalian's most successful business conglomerates, now integrating construction, furnishings, real estate development and equipment manufacturing.

Its revenue exceeded 1 billion yuan for the first time in 2000. It has also expanded into neighboring Russia's Far East region.

Yet as an ambitious entrepreneur, Sun began to look for something new.

"We planned to tap into new markets since the early 1990s, when we had a sizeable stake in real estate," said Sun.

That new market had to be sustainable, in a high-tech

sector that could win support from various levels of government and with the potential for business with international giants, he said.

Sun's outlook echoed the city government's drive to transform Dalian from excessive reliance on manufacturing into a more environmentally friendly place with an emphasis on high-tech.

### Second phase

Today Dalian has outpaced Shanghai and Beijing to become a star outsourcing city, but the start was far from rosy 12 years ago.

Despite being expert in real estate, Sun knew little of the high-tech sector, especially the then-unpopular software business.

And in the first three years he needed to invest 300 million yuan earned by his existing business at a time when the total revenue generated from the software in the city was relatively tiny — less than 200 million yuan in 1998.

Sun's move was risky and not obviously promising, according

to Xia Deren, then deputy-mayor of Dalian and a professor at a renowned university.

Still, Sun remained audacious, and the Dalian Software Park (DLSP) opened in a remote suburban wasteland in 1998.

His first and most difficult breakthrough was its first tenant. It was Sun's honesty and sincerity that lifted Neusoft's doubts about coming to Dalian, said Liu Jiren, chairman of the Neusoft, one of China's most renowned software companies.

Sun visited Liu on the third day after Spring Festival — a Christmas-like time in China when most Chinese stay home for family gatherings — lobbying Liu to headquarter his business in the DLSP.

Neusoft became the first tenant in mid-1999, a year after the park opened for business.

Following that precedent, domestic software outsourcing startups and Japanese companies rushed to the park for its low costs and abundant professionals fluent in Japanese.

Nokia became the first Fortune 500 company to set up an office in the DLSP in 2000.

As a market-oriented private operation with State assistance, the DLSP expanded quickly due to preferential tax policies, low land costs and assistance with infrastructure development. Management of the park is run privately according to market-driven rules.

DLSP is now China's largest software park with the largest number of international players. Big names like Citibank, Intel and Genpact all have operations in the park.

It is home to 500 of the city's 800 software firms.



Guests at the China International Software and Information Service Fair 2010.

## Software park takes model to other cities

By ZHANG XIAOMIN

The Dalian Software Park (DLSP) is a core project in the city's efforts to outpace other destinations as a top choice for software outsourcing companies.

The transformation has been an enormous success since the late 1990s, boosting Dalian's revenues, improving its environment, transforming the city and setting the competitive landscape for industrial innovation.

Though gaining market share both country-wide and globally, today the DLSP faces a slew of new competitors such as Nanjing, Chengdu and Beijing — in addition to longstanding outsourcing giant Bangalore in India.

But many analysts believe Dalian has struck gold with its two-frontier strategy emphasizing both the Japan-led East Asia market and English-speaking countries.

The DLSP will further lift its quality of services to consolidate its position as China's leading high-tech park developer and become an even bigger office for global players, according to Gao Wei, DLSP president.

Despite the financial turmoil of the past two years, the park's business has continued to grow with international firms such as Genpact opening new office buildings and newcomers including CISCO, Softbank and Sampo Japan Insurance establishing operations.

The financial crisis has put pressure on multinationals to further cut costs by outsourcing

part of their work, which generates more business opportunities for the park's tenants, said Gao.

The DLSP began moves to expand in 2003 when construction of its second phase began. Yida teamed with Hong Kong's leading property developer Shui On Group in 2007 for a 30-70 joint venture to develop part of the second phase of the Dalian Software Park.

Shui On will lead the planning, project management, quality assurance, sales and marketing while Yida Group is mainly responsible for construction management.

With total floor space of about 3.54 million sq m, the 30 billion yuan Dalian Tiandi project is a sprawling integrated development with residences, software offices and commercial and retail property, along with educational and R&D facilities, outdoor recreation and other public amenities.

The project represents only a part of DLSP's 133 sq km second phase, with other projects including joint ventures with Singapore commercial developer Ascendas and domestic software giant Neusoft.

Apart from development in Dalian, Yida plans to replicate the business model in other regions by establishing joint ventures with a number of local governments. The group has now established park operation in Tianjin, Wuhan and Suzhou. Wuhan Optical Valley Software Park now has more than 110 enterprises and 12,000 workers.



Scheduled for completion in 2014, construction on Yidatec Valley, another software and information industry park, started on Monday.

DLSP won a LivCom Award endorsed by UNEP in 2009.

