



# JOURNAL OF KOREAN ELECTRONICS | November 2006 |

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## MOCIE-KIEC Analysis Biz Prospects for e-Commerce

In the fourth quarter of this year, B2C companies expect an upturn in business conditions, while B2B firms foresee a slowdown, the Ministry of Commerce, Industry and Energy (MOCIE) and Korea Institute for Electronic Commerce (KIEC) announced on October 4 based on an analysis of a recent survey.

The BSI (Business Survey Index) survey was conducted from August 16 to August 31 on the 'Business Performance in the 3rd Quarter and Prospects for the 4th Quarter of 2006.' A BSI score above 100 indicates that a majority of respondents are optimistic about future business conditions.

According to the results of the survey, despite an optimistic view with a BSI at 108.8 for the fourth quarter, B2B firms expect that business growth may decline somewhat from the preceding quarter (BSI 115.5). The sector's previous BSI figures were 116.0 (4th Qtr. '05), 115.9 (1st Qtr. '06), 121.0 (2nd Qtr. '06) and 115.5 (3rd Qtr. '06).

B2C companies, which had experienced a slump since the fourth quarter of 2005, expect to improve slightly with a BSI of 100.4. The previous BSI figures for this sector

were 110.9 (4th Qtr. '05), 107.9 (1st Qtr. '06), 98.6 (2nd Qtr. '06) and 94.6 (3rd Qtr. '06).

### MOCIE and KIEC summarized their analysis results:

- For B2B, as general enterprises are increasing their B2B e-commerce scale steadily from the perspective of cost saving and outsourcing, B2B firms anticipate the good business trend to continue on the whole. As factors related to business slowdown in the fourth quarter, 39.3% cited 'overall contraction of transactions caused by a general business recession' followed by 'low-demand season (19.6%)' and 'excessive competition in the same business sector (14.3%).'

- In the case of B2C, surveyed companies forecast an increase in transaction amount in the fourth quarter. As major factors, 33.9% responded 'high-demand season' followed by 'reinforced marketing activity (22.4%)' and 'expansion of items handled and quality improvement (18.5%).'

In terms of product group, meanwhile, comprehensive shopping malls (BSI 125.0), music disks/ books/ office equipment/stationery (BSI 102.4), home appliances/ electronics/ computers (BSI 106.9), and children's goods/ various services (BSI 100.0) are projected to perform better in the fourth quarter, according to the survey results.

### • Transaction Amount BSI Trend of B2B Firms (Quarter-on-Quarter: Same = 100)

Quarterly BSI	'03				'04				'05				'06			
	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4
BSI (Projected)	-	105.1	123.0	125.5	115.5	108.0	117.0	104.0	106.0	120.5	117.7	116.0	115.9	121.0	115.5	108.8
BSI (Achieved)	102.8	102.0	114.5	106.5	102.5	117.0	92.0	104.0	107.0	115.0	107.0	115.9	114.0	104.0	105.5	-

### • Transaction Amount BSI Trend of B2C Firms (Quarter-on-Quarter: Same = 100)

Quarterly BSI	'03				'04				'05				'06			
	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4
BSI (Projected)	113.6	98.9	100.6	108.7	102.5	97.5	100.2	98.5	91.7	112.8	105.3	110.9	107.9	98.6	94.6	100.4
BSI (Achieved)	97.9	87.9	102.3	89.8	84.0	89.2	86.3	86.3	100.1	94.8	99.0	105.0	89.5	85.3	89.8	-

## Samwha Capacitor President Hwang: “Best Practices, Best Partner”

*The following is a recent interview with President & CEO Hwang Ho-Jin of Samwha Capacitor Co., Ltd. held on the occasion of the 50th anniversary of the company's founding. - (Ed.)*



Marking the 50th anniversary of its founding this year, Samwha Capacitor unveiled Vision 2010, its plan to establish a global brand name for digital electronics parts and components and doubling its turnover by the target year.

“Of course, Samwha is very capable of realizing its vision considering the domestic and global industry environment and taking into account our vast pool of expertise and knowledge,” said Samwha Capacitor President Hwang Ho-Jin.

“To ensure new growth momentum, we are operating under the philosophy of change, change, change. But one thing that will not change is Samwha's founding spirit of best quality and reliability and responding to the needs of our customers,” Hwang added.

The president pointed to his company's various innovation programs, including quality management and process innovation, as the way to both survival and prosperity.

Samwha acquired ISO9001 in 1994 and has continued to earn recognition for its quality management. As an Eco-partner with domestic conglomerates like Samsung and LG, it has also received ISO14001 certification for environmental management. Of particular note, Samwha recently was awarded ISO/TS16949 recently in line with its plan to enter automotive-related sectors.

Moreover, the company is implementing CRI (cost reduction innovation) activities with the goal of cutting expenses by 30-50% through zero-sum-based cost input factors. Six Sigma is yet another tool that Samwha is using to create its own best practices for sound management.

Hwang noted that his company is in the process of conducting business restructuring with an eye to creating new markets and



pursuing a high-profit-oriented strategy.

According to President Hwang, Samwha plans to expand the share of exports in total.

“Presently, overseas sales account for 50% of the total and we plan to increase the share following the general trend of globalization. We will also increase offshore production,” he explained.

“As a result of our aggressive overseas focus, we are now exporting film capacitors for the first time among Korean companies. The contract for this project was obtained through the help of Malaysian electricity-related government officials,” Hwang said.

He added, “Considering the rapidly growing demand for electric power in China and Southeast Asia, the prospects for increased exports of our film capacitors are very bright.”

Samwha, committed to creating competition-free blue-ocean markets, is developing new products and services including hybrid auto parts with LED.

“In the era of digitalization and globalization, Samwha is on an endless blue-ocean voyage fueled by the networking of our experience and new vision as well as the dedication of our highly skilled staff and employees,” Hwang concluded.

### Reborn as a Global Electronics Show

## KES 2006 Nets US\$2.32 Bil. in Trade Talks



The Korea Electronics Show 2006 (KES '06), held October 17-21, scored US\$2.3 billion worth of trade talks and attracted more than 5,600 foreign buyers.

Organized by the Korea Electronics Association (KEA), KES '06 drew domestic and global attention with the participation of such big names as Philips, Sharp, Haier, Samsung and LG.

Among the eye-catching exhibits were the world's largest

82" LED/LCD TV, the world's first 102" PDP TV, ultra mobile PC, super-slim, high-function mobile phones, etc.

"KES 2006, which marks its 37th anniversary this year, was reborn as a global electronics show representing Asia to exhibit world's leading high-quality, high-tech IT products in a wide exhibition space of 32,000 m<sup>2</sup> with the participation of about 600 firms from 18 countries, the larger number than ever before," show organizers said.

With preparation of special publicity halls, such as New Tech Demonstration Hall, Excellent IT Design Hall and Newly-Developed Excellent Electronics Parts Hall, KES 2006 facilitates the visitor experience of a wide variety of future digital technologies.

Furthermore, IT-specialized business discussions, including Global IT Electronics Outsourcing Forum, Global EMS Trading Forum and Russian IT Companies Trading Forum, are expected to contribute to the expansion of trade for small and medium enterprises (SMEs).

## Electronics Day Inaugurated

In commemoration of Korea's milestone of crossing the US\$100 billion mark in electronics exports, the Ministry of Commerce, Industry & Energy and Korea Electronics Association (KEA) held the First Electronics Day at KINTEX on October 17.

The event featured decorations and awards for those who have made outstanding contributions to Korean electronics industry development. Also, the event was an occasion to

review Korean achievements and explore ways to become a global top 3 electronics nation by 2015 with an export volume exceeding US\$300 billion.



## Patent Tie-Up with Chungbuk Technopark



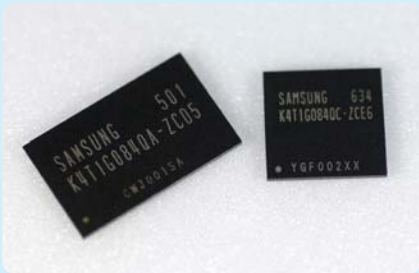
KEA's Patent Support Center and Chungbuk Technopark signed an agreement of cooperation on October 25 for protection of intellectual property rights and support of domestic

companies' countersteps to battle patent-related claims.

KEA also plans to sign similar patent cooperation agreements with 10 or more techno parks nationwide this year.

Furthermore, the association plans to team up with international law firms to form a global network, encompassing the U.S.A., Europe, Japan, China, etc.

## Samsung Electronics Remains Top DRAM Seller in Major Markets



Korean technology behemoth Samsung Electronics retained its status as the top seller of dynamic random access memory (DRAM) chips in the U.S., Japan and Europe in the first half of the year.

According to the report by U.S.-based market researcher iSuppli Corp., Samsung Electronics sold US\$1.47 billion worth of DRAMs, mostly used in personal computers, in the U.S. during the January-June period, chalking up a market share of 35.8%.

Qimonda AG of Germany, a new memory company carved out of Infineon Technologies AG in May this year, was a distant second with a 19.3% share, followed by Micron Technology Inc. of the U.S. with 18%, the report said.

In Europe, Samsung Electronics

posted a market share of 33.7% by selling DRAMs worth US\$768 million, compared with Qimonda's 20.7% and Micron Technology's 16.4%, it said.

Samsung Electronics was also the top marketer of DRAMs in Japan with sales of US\$668 million and a 35.7% market share.

Japan's Elpida Memory Inc. came in second with 26%, trailed by Hynix Semiconductor Inc. of South Korea with 13.9%.

## LG Philips LCD Produces World-Record Panel

LG Philips LCD, a leading global flat panel manufacturer, announced that its 100-inch liquid crystal display (LCD) panel has made it into the 2007 Guinness Book of World Records for being the world's largest.

In March, LG Philips LCD unveiled the new panel that measures 100-inches diagonally. It is 2.2 meters wide and 1.2 meters tall.

The company, a joint venture between

Korea's LG Electronics and Royal Philips Electronics NV of the Netherlands, also developed a 52-inch panel in late 2002, the world's largest at the time.

## Hyundai Heavy Eyes Big Chunk of Global Robot Market

Hyundai Heavy, the world's largest shipbuilder, aims to become one of the top five manufacturers of industrial robots by 2010 by increasing production capacity by five times to 10,000 units per year. The company also demonstrated four new models of robotic arms at the International Robot Industry Show, which opened on October 18 in Seoul.

Hyundai is already the No. 1 local player, holding about 40% of the market for welding and assembling robots used in automobile factories. But it also



acknowledges that there is a long way to go for the firm to get meaningful results from the plan.

"The revenue from the robot business is very small compared to the revenues from shipbuilding and engine

manufacturing businesses," company spokesperson Kim Ki-young said. "It is one of our strategic businesses for the future."

The company refused to give exact sales figures. But assuming that the price of a robot arm starts at around US\$20,000 for an entry level model and goes up to as much as US\$100,000 for a high-end model, Hyundai's robot sales could be US\$100 billion at maximum, which is less than 1% of the firm's total sales.