

**OPENING KEYNOTE BY ROBERT HOLLEYMAN:
PUBLIC POLICY: PROMOTING COMPETITIVENESS THROUGH INNOVATION**

Ladies and Gentlemen,

I'd like to welcome all of you and thank you for taking time to attend the Asia Innovation Forum 2007. This forum is jointly organized by the, Federation of Korean Information Industries and the Business Software Alliance. This is our first forum focused on North Asia, and our goal today is to bring together representatives from industry, government, and academia to discuss the opportunities and challenges in today's digital marketplace.

For many of you, particularly those in a position to shape IT policies, you probably wonder what else can be done to facilitate growth in the IT sector of your country. Many of you have stated your desire to create a bustling domestic market, and to nurture home-grown companies to become more successful and innovative in the international marketplace.

Today's event is organized to share ideas about strategies that can be adopted to realize this vision. It is equally important to also discuss the challenges and potential pitfalls that lie ahead.

About BSA

BSA represents global software, hardware, and Internet technology companies. BSA members with us today in the audience include BEA Systems, IBM, McAfee, Microsoft, Sybase, and Symantec. BSA also has local and regional members. One of our Asia regional members is also here with us, INUS Technology, from Korea. Welcome to all of you and thanks for your continued support.

Collectively, BSA members believe that a healthy, interactive dialogue between industry and government -- together with other experts -- is essential to identifying the opportunities and challenges before us and to chart a path forward together.

Today's Program

The technological advances we see before us today are undeniable. Many companies represented in the audience today are leading the charge in creating new, innovative solutions to benefit businesses, government, and consumers. What we take for granted today, such as the World Wide Web, the Graphical User Interface, and even the MP3 player, were simply inconceivable 20 years ago. All of these advances were made possible through relentless technological innovation in software and hardware.

It's exhilarating to think about the possibilities of what the next one, two, or three decades will bring as innovation and economic development continue to expand in Asia. To realize this next wave of innovation, it is essential that government and industry work in tandem. Industry needs to continue to invest in R&D and create new products that consumers need and want. And, just as important, governments should not erect barriers to innovation and growth.

Policies should foster an environment that is conducive to market growth. Against this backdrop, our attention today will be focused on three broad themes.

In the first session this morning, we are honored to have with us three leaders of industry to give us their perspectives and insights on IT-related innovation. We will have Mr. Jong-Kap Kim, the Chairman and CEO of Hynix Semiconductor, to share with us the experience of innovation in Korea, our host country of this event. He will be followed by Mr. John Chen, the Chairman, CEO and President of Sybase, to elaborate about the story of innovation in Silicon Valley in the United States. Finally, we will have Mr. Brad Smith, the General Counsel of Microsoft, to explain the role of intellectual property in innovation.

In the afternoon, we will have two discussion panels. The theme of the first panel will be on enabling innovation through policy initiatives. In this discussion, we will have the opportunity to hear viewpoints from government, industry, and academia on the role of government in promoting technological innovation. We have a panel of leading practitioners and thought leaders to guide us in our discussion, and I will be moderating this panel.

The second panel of the afternoon will consider how innovation can be encouraged in the Asia region. In this panel, we will be able to hear about specific in-country examples, successes and lessons, which we can draw from to raise the level of innovation in Asia. We will have leaders from China, Japan and Korea to provide us with insights on what may have worked and not worked in each of their countries, and explore possibilities of regional efforts.

Principles of Software Innovation

Throughout the day today, we will be exploring the topic of innovation in different contexts and perspectives. One of the fundamental things that BSA and its members believe is that governments should remain technology neutral in order to facilitate innovation. Our member companies' consensus on this issue is reflected in BSA's "Principles for Software Innovation", which includes four important conclusions:

- One: Governments should select software on its merits, not simply the model of its development;
- Two: Government-funded research should be available to all;
- Three: Neutral standards should be promoted; and
- Four: Strong intellectual property protection, consistent with these principles of neutrality, must be maintained.

A copy of these Principles can be found in your handouts.

In other words, BSA believes that a healthy, dynamic software marketplace benefits both customers and developers. It is also critical that governments do not prematurely foreclose a level playing field by seeking to skew development and procurement towards one area or the other. We believe that each customer has unique needs and what constitutes the "best" technology should

always be determined based on the customer's needs at a particular time and place.

Framing the question around other subjective considerations, such as the origin of the software, the development approach, or the licensing model, is simply missing the point. A buyer should apply consistent criteria across products, and avoid setting blanket policies that result in a preference. Preferences limit consumer choices.

Conclusion

Today we will discuss the formulation of public policy. There are some who have put forth proposals motivated by industrial policy aims. They desire to boost local software industries by effectively making it more difficult for international companies to compete for governmental business. Experience has shown that one cannot build an effective indigenous industry by erecting barriers against successful competitors. Companies in a sheltered domestic environment will very soon find that they are incapable of surviving in the international market because they lack the discipline to be market competitive. Efforts to lead government procurement to choose on the basis of origin of product or method of development are variations of such failed strategies. I am confident we will hear and discuss about other examples during the course of the day.

I am excited by what I see throughout Asia. The combination of technology talent, with the will of government leaders to provide a framework to foster innovation, makes me a strong optimist for the continued success of the IT industry in Asia. BSA looks forward to being an integral part of this development as we embark on the next great wave of innovation in the 21st century. We are pleased to be able to organize this Asia Innovation Forum together with Federation of Korean Information Industries (FKII).

Thank you for joining us today. I look forward to our discussions.