

# The Upcoming Mobile Internet Superpower

CHINA IS THE EPICENTER OF THE MOBILE INTERNET WORLD,  
SO OF THE NEXT-GEN HTML5 WEB

Put\* together by **Sándor Nacsá** in August 2013



*\*I am author of only a part of this material, could be even very small part in some place as when a given subject is better served by authentic content I would rather use that. I will use regular font style for quotations and delimit them with < ... > brackets to make the document more readable. My text has italics style. I assume the copyright remains with individual quotes. For my part of the content the copyright is mine. The e-book itself is free for distribution.*

## The Upcoming Mobile Internet Superpower

This mini e-book is a follow-up to the findings of “China is the epicenter of the mobile Internet world, so of the next-gen HTML5 web” [Aug 5, 2013] post from my trend-tracking blog “Experiencing the Cloud”, as well as the following posts which lead to those findings:

- **THE LOW PRICED, ANDROID BASED SMARTPHONES OF CHINA WILL CHANGE THE GLOBAL MARKET [SEPT 10, 2012]**
- **\$48 MOGU M0 “PEOPLEPHONE”, I.E. AN ANDROID SMARTPHONE FOR EVERYBODY TO HIT THE CHINESE MARKET ON NOVEMBER 15 [NOV 9, 2012]**
- **\$99 ANDROID 4.0.3 7” IPS TABLET WITH AN ALLWINNER SoC CAPABLE OF 2160P QUAD HD AND BUILT-IN HDMI—ANOTHER INFLECTION POINT, FROM CHINA AGAIN [DEC 3, 2012]**
- **UPDATE AUG’13: XIAOMI \$130 HONGMI SUPERPHONE END MEDIATEK MT6589 QUAD-CORE CORTEX-A7 SoC WITH HSPA+ AND TD-SCDMA IS AVAILABLE FOR ANDROID SMARTPHONES AND TABLETS OF Q1 DELIVERY [DEC 12, 2012; AUG 1, 2013]**
- **CHINA: ENTRY-LEVEL DUAL CORE IPS WVGA (480×800) SMARTPHONES \$65+ NOW, QUAD-CORE \$70+ IN JUNE [APRIL 29, 2013]**
- **GIONEE (金立), THE EMERGING GLOBAL COMPETITOR ON THE SMARTPHONE MARKET [JULY 22, 2013]**
- **EIGHT-CORE MT6592 FOR SUPERPHONES AND BIG.LITTLE MT8135 FOR TABLETS IMPLEMENTED IN 28NM HKMG ARE COMING FROM MEDIATEK TO FURTHER DISRUPT THE OPERATIONS OF QUALCOMM AND SAMSUNG [JULY 20-29, 2013]**
- **XIAOMI, OPPO AND MEIZU—TOP CHINESE BRANDS OF SMARTPHONE INNOVATION [AUG 1, 2013]**
- **SUPERPHONES TURNING POINT: SEGMENT SATURATED WITH TIER 1 GLOBALS WHILE THE CHINESE LOCALS ARE AT LESS THAN 40% OF THE SAMSUNG PRICE [AUG 3, 2013]**
- **IMT-ADVANCED (4G) FOR THE NEXT-GENERATIONS OF INTERACTIVE MOBILE SERVICES, CHINA IS TRIUMPHANT [OCT 24, 2010]**
- **GOOD TD-LTE POTENTIAL FOR TARGET COMMERCIALISATION BY CHINA MOBILE IN 2012 [JULY 13, 2011 – FEB 8, 2012]**
- **TD-SCDMA: US\$3B INTO THE NETWORK (BY THE END OF 2012) AND 6 MILLION PHONES PROCURED (JUST IN OCTOBER)[ OCT 18, 2011]**
- **CHINA BECOMING THE LEAD MARKET FOR MOBILE INTERNET IN 2012/13 [DEC 1, 2011]**
- **MWC 2012: THE 4G/LTE LIGHTRADIO NETWORK [OCT 16, 2012]**
- **CHINA: 20,000 TD-LTE BASE STATIONS IN 13 CITIES BY THE END OF 2012 AND ABOUT 200,000 BASE STATIONS IN 100 CITIES LAUNCHED IN 2013 WITH THE 2.6GHZ TDD SPECTRUM PLANNING JUST STARTED—SOFTBANK WITH TD-LTE STRATEGY IN JAPAN GETTING INTO GLOBAL PLAY WITH SPRINT (ALSO THE 49% OWNER OF US TD-LTE CHAMPION, CLEARWIRE) ACQUISITION [OCT 16, 2012]**

The quotes and references to the content of the above posts are not given in this e-book. This is for reading convenience, as well as for encouragement to go through the posts as well.

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## The Alibaba Group



This is the core message in 2013 for the world from Alibaba, as the first block of its [Feb 27, 2013 infographic](#).

When the company was founded in February 21, 1999 its lead founder, Jack Ma told his 17 colleagues that their competitors are not in China but overseas. Such foresight came to Ma from his earlier business, "China Pages" which was founded in 1995 as the first Internet company in China with the intent of conducting business on the Internet (Amazon, e-Bay and Craigslist were founded the same year). As Ma is telling now it was 6 months earlier than his earliest competitor. The company first started with Alibaba.com which later was split into two major businesses, now described by Alibaba in [Company Overview webpage](#) as:

<Alibaba.com International - Leading global e-commerce platform for small businesses

Launched in 1999, Alibaba.com International ([www.alibaba.com](http://www.alibaba.com)) is the leading global e-commerce platform for small businesses around the world. It aims to be the go-to English-



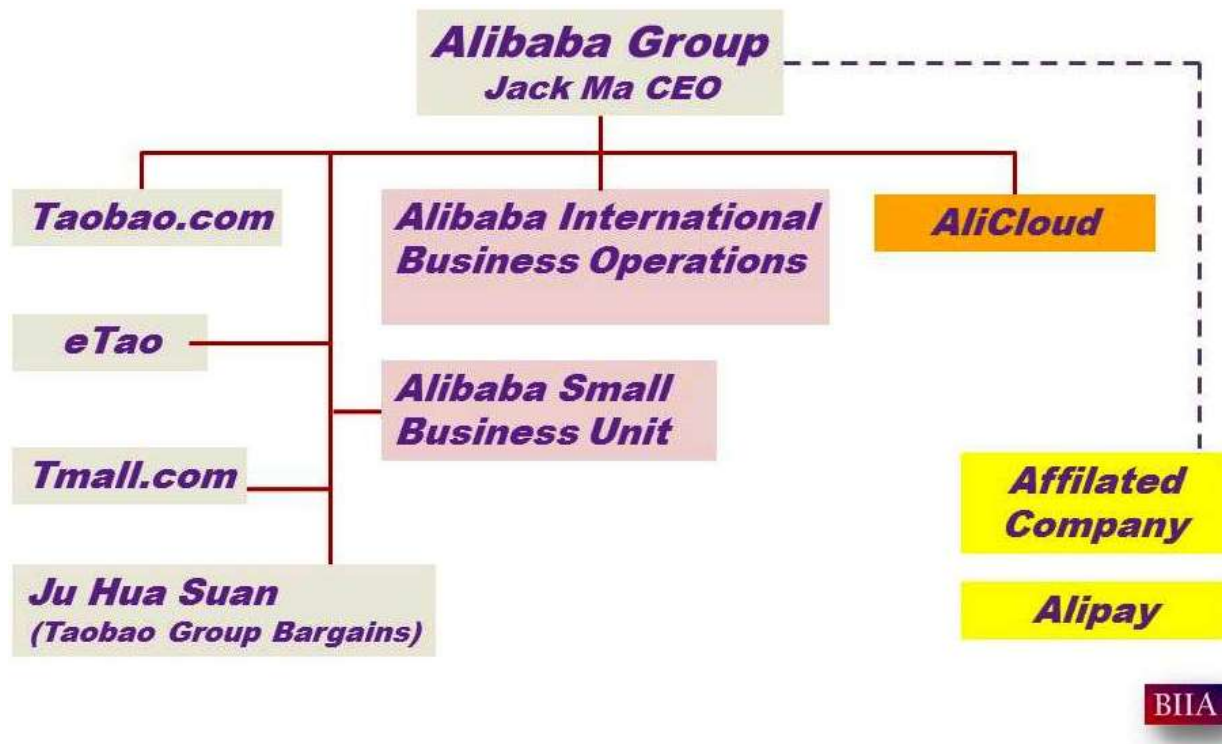
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language platform for cross-border trade and help small businesses worldwide expand to overseas markets. As of December 31, 2012, the platform had around 36.7 million registered users from more than 240 countries and regions and showcased more than 2.8 million supplier storefronts.

### Alibaba.com China - Leading domestic e-commerce platform for Chinese small businesses

Launched in 1999, Alibaba.com China ([www.alibaba.cn](http://www.alibaba.cn)) is China's leading e-commerce platform for small businesses engaged in domestic trade. It aims to provide Chinese small businesses with a comprehensive domestic e-commerce solution that comprises more than product listing, sourcing and large-quantity wholesale services. As of Dec 31, 2012, the platform had around 77.7 million registered users and showcased more than 8.5 million supplier storefronts. >

Alibaba became last year a well organized group of companies with seven business groups (in March this year reorganized into 25 business units, which are not shown here):



### <AliExpress - Leading global e-commerce marketplace for consumers

Launched in 2010, AliExpress ([www.aliexpress.com](http://www.aliexpress.com)) is a leading global e-commerce marketplace made up of small business sellers that offer a wide variety of consumer products at great prices. With more than 54 million products in 26 major product categories as of the end of March 2013, AliExpress is dedicated to bringing unique products to its 7.7 million registered users in more than 200 countries and regions.

### Taobao Marketplace - China's most popular C2C online shopping destination

Launched in 2003, Taobao Marketplace ([www.taobao.com](http://www.taobao.com)) is the most popular consumer-to-consumer (C2C) online marketplace in China. Its mission is to foster a comprehensive e-

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commerce ecosystem that will provide partners and consumers with the best user experience possible. With more than 800 million product listings and more than 500 million registered users as of June 2012, Taobao Marketplace is one of the world's top 20 most visited websites\*. In 2012, the combined gross merchandise volume (GMV) of Taobao Marketplace and Tmall.com exceeded RMB1 trillion.

### **Tmall.com - China's leading B2C shopping destination for quality, brand-name goods**

Launched by Taobao in April 2008, Tmall.com ([www.tmall.com](http://www.tmall.com)) is an online shopping landmark in China with an extensive brand selection. An open business-to-consumer (B2C) platform, Tmall.com has established itself as the destination for quality, brand-name goods catering to increasingly sophisticated Chinese consumers and is the most visited B2C online retail website in China\*. In June 2011, it was separated from Taobao's consumer-to-consumer (C2C) marketplace and became an independent platform.

Tmall.com currently features more than 70,000 major multinational and Chinese brands from more than 50,000 merchants. It offers several product verticals with customized customer services, including Consumer Electronics mall; Book mall; Home Furnishing mall; Designer Footwear mall; and Beauty mall. Brands with flagship retail storefronts on Tmall.com include UNIQLO, L'Oréal, adidas, P&G, Unilever, Gap, Ray-Ban, Nike and Levi's.

Tmall.com and Taobao Marketplace set a record for highest single-day transaction volume during a special promotion on November 11, 2012, facilitating the sales of goods totaling RMB19.1 billion (US\$3.1 billion) on the day. In 2012, the combined gross merchandise volume (GMV) of the two platforms exceeded RMB1 trillion [US\$163.4 billion].

### **Juhasuan - Comprehensive group shopping platform in China**

Juhasuan ([www.juhasuan.com](http://www.juhasuan.com)) is a comprehensive group shopping platform in China. It was launched by Taobao in March 2010 and became an independent platform in October 2011. Juhasuan's mission is to aggregate consumer power and offer the widest selection of high-quality merchandise and localized lifestyle services.

In 2012, Juhasuan achieved a gross merchandise volume (GMV) of RMB20.75 billion, which more than doubled that of 2011. During the year, more than 20 million consumers have purchased services and products from Juhasuan.

### **eTao - Comprehensive shopping search engine in China**

eTao ([www.etao.com](http://www.etao.com)) is a shopping search engine in China which provides comprehensive information about products, merchants and promotional offers. It was beta-launched by Taobao in October 2010 and became an independent platform in June 2011. Its mission is to create a "one-stop shopping engine" which can assist Chinese consumers in making online purchase decisions, and help them identify low-cost, high-quality merchandise on the Internet faster.

Features and services offered by eTao include product search, rebates, coupons, group buy search, Tao Bar community and product pinboard eTao Faxian. It currently showcases more

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than 1 billion product listings, more than 5,000 business-to-consumer and group shopping websites, as well as more than 200 million pieces of shopping-related information.

eTao reflects product results from various major B2C online shopping platforms and individual brand owners including Taobao Marketplace, Tmall.com, Amazon China, Dangdang, Gome, Yihaodian, Nike China and Vancl.

### **Alibaba Cloud Computing - Developer of platforms for cloud computing and data management**

Established in September 2009, Alibaba Cloud Computing is a developer of platforms for cloud computing and data management. Its goal is to build the first platform of choice for sharing data and make cloud computing services more accessible to the public. It is committed to supporting the growth of Alibaba Group and the whole e-commerce ecosystem by providing a comprehensive suite of Internet-based computing services, which include e-commerce data mining, high-speed massive e-commerce data processing, and data customization.

### **Alipay - Most widely used third-party online payment platform in China**

Launched in 2004, Alipay ([www.alipay.com](http://www.alipay.com)) is the most widely used third-party payment solution in China with more than 800 million registered accounts as of December 2012. It provides an easy, safe and secure way for millions of individuals and businesses to make and receive payments on the Internet. On November 11, 2012, Alipay set a record for the highest daily number of transactions, processing 105.8 million payments during the 24-hour period.

The preferred online payment tool of Internet merchants in China, Alipay provides an escrow payment service that reduces transaction risk for online consumers. Shoppers have the ability to verify whether they are happy with goods they have purchased before releasing funds to the seller.

Alipay partners with more than 170 financial institutions including leading national and regional banks across China as well as Visa and MasterCard to facilitate payments in China and abroad. In addition to Taobao Marketplace and Tmall.com, Alipay provides payment solutions for more than 460,000 merchants, covering a wide range of industries including online retail, virtual gaming, digital communications, commercial services, air ticketing and utilities. It also offers an online payment solution to help merchants worldwide sell directly to consumers in China and supports transactions in 14 major foreign currencies. >

The above business group descriptions are from [Company Overview webpage](#) of Alibaba where **the group is characterized** as: < ... Since its inception, it has developed leading businesses in consumer e-commerce, online payment, business-to-business marketplaces and cloud computing, reaching Internet users in more than 240 countries and regions. ... The privately held Alibaba Group, including its affiliated entities, employs some 24,000 people around the world and has more than 70 offices in Greater China, India, the United Kingdom and the United States. ... >

The [Company Overview webpage](#) also contains a History & Milestones part, quite good to read.

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Jack Ma in his “Ideas & Technology Can Change the World” [speech at Stanford University on May 4, 2013](#) was specifically mentioning (I will rather use here the below text taken from [the video record published on the TeamAlibaba Youtube channel](#), as it seems to me ways more authentic):

< [21:02] Before I left Hangzhou for the US I emphasized again and again to my management team that **Alibaba is not a company for consumers**. From day one our mission was to make it easy to do business anywhere. We know that small businesses need customers. **I knew that we didn't have the right DNA to become a consumer company**. The world is changing very fast, and it's hard to know exactly what consumers need. Small businesses know more about the needs of their customers. **So we knew what we have to do. We had to empower our power sellers and our SMEs to support their customers, to support the consumers. We should use technology to help our small businesses grow and become more adaptable to the future consumer market**. That's why I have emphasized repeatedly that **we hope that small businesses can use technology to challenge the large enterprises**.



In the past, large corporations had money, influence and connections. We hope that every young person, as long as he or she has good ideas, won't need a rich father or a powerful uncle. As long as you are willing to try you have every chance of succeeding. Some people say that it's easier said than done. “**If Jack Ma can be successful, anyone can be successful**”. However you must have a good sense of direction and the right tools. [22:30] >

*That speech* was full of supporting evidence for Jack's closing statement in the above quote. He even explained that had Alibaba more money than his savings of 50,000 RMB (US\$8173 on the current rate) from the work for Ministry of Foreign Trade, the likelihood of failure instead of success will had been much bigger. But even better to read an Alizila blog post (and watch its embedded videos) about [Taobao Turns 10: Find Out What the Buzz is About \[Videos\]](#) of May 8, 2013. Then go to [Ma Bows Out As Alibaba CEO at Taobao 10th Anniversary Celebration \(Photos\)](#) post as this event was also when Jack Ma stepped down as a CEO, at age of 49 only, and not for the reasons like illness or so, but simply feeling “[no longer 'young' for the Internet business](#)”.

**On July 23 the company published a news item [Alibaba CEO Shares Vision of China's Growing E-tail Market](#):**

< Jonathan Lu, Alibaba Group's [new CEO](#), says the e-commerce giant has plans to expand its Taobao Marketplace platforms to take advantage of China's growing e-tailing and consumer markets.

Speaking to reporters today in Hong Kong, Lu shared his vision of enhanced products and services from Alibaba Group, in particular a 24-hour nationwide delivery service that will bring more users to Taobao platforms. An efficient courier network will even enable perishable

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foodstuffs such as Matsutake mushrooms from Yunnan Province and quality rice from the northeastern part of China to be sold directly to the rest of the country by farmers without going through layers of intermediaries.



"A responsible corporation should task itself with providing solutions to the challenges of tomorrow," said Lu. "Ours is to make the world more balanced and transparent through the Internet way of thinking."

That thinking is behind Cainiao Internet Technology Ltd., a strategic alliance between Alibaba Group and e-retailers and leading courier services. Cainiao will operate a national courier system called China Smart Logistic Network (CSN). "Today Alibaba backs Cainiao; tomorrow Cainiao will fuel Alibaba's growth," said Lu.

Today's press briefing with Hong Kong media marked the first public appearance for Lu since May 10, when he took over the Alibaba Group helm from founder Jack Ma. While he is less involved in the day-to-day running of the company, Ma, 48, remains executive chairman and

continues to help shape Alibaba Group's business strategy and management development.

Lu was circumspect, however, about Alibaba Group's widely-speculated IPO, revealing only that when and where to publicly list depends on the best interests of Alibaba Group and its customers. "My job is to get the company ready to go while Jack Ma decides when to press the button," he said. Given that Alibaba is in the enviable position of being cash-rich, Lu said the company had no reason to rush.

Lu said, "My focus is on keeping our customers happy, our business healthy and doing more for the future, not on the IPO." He expressed confidence that Alibaba Group would continue to execute strategies that have made it one of the world's largest e-commerce companies whose services are used daily by millions of Chinese.

As the Group's former chief data officer, Lu knows better than anyone that Alibaba Group's database of its hundreds of millions of users is perhaps the Group's most valuable asset. He pledged that data would remain a bedrock of the company.

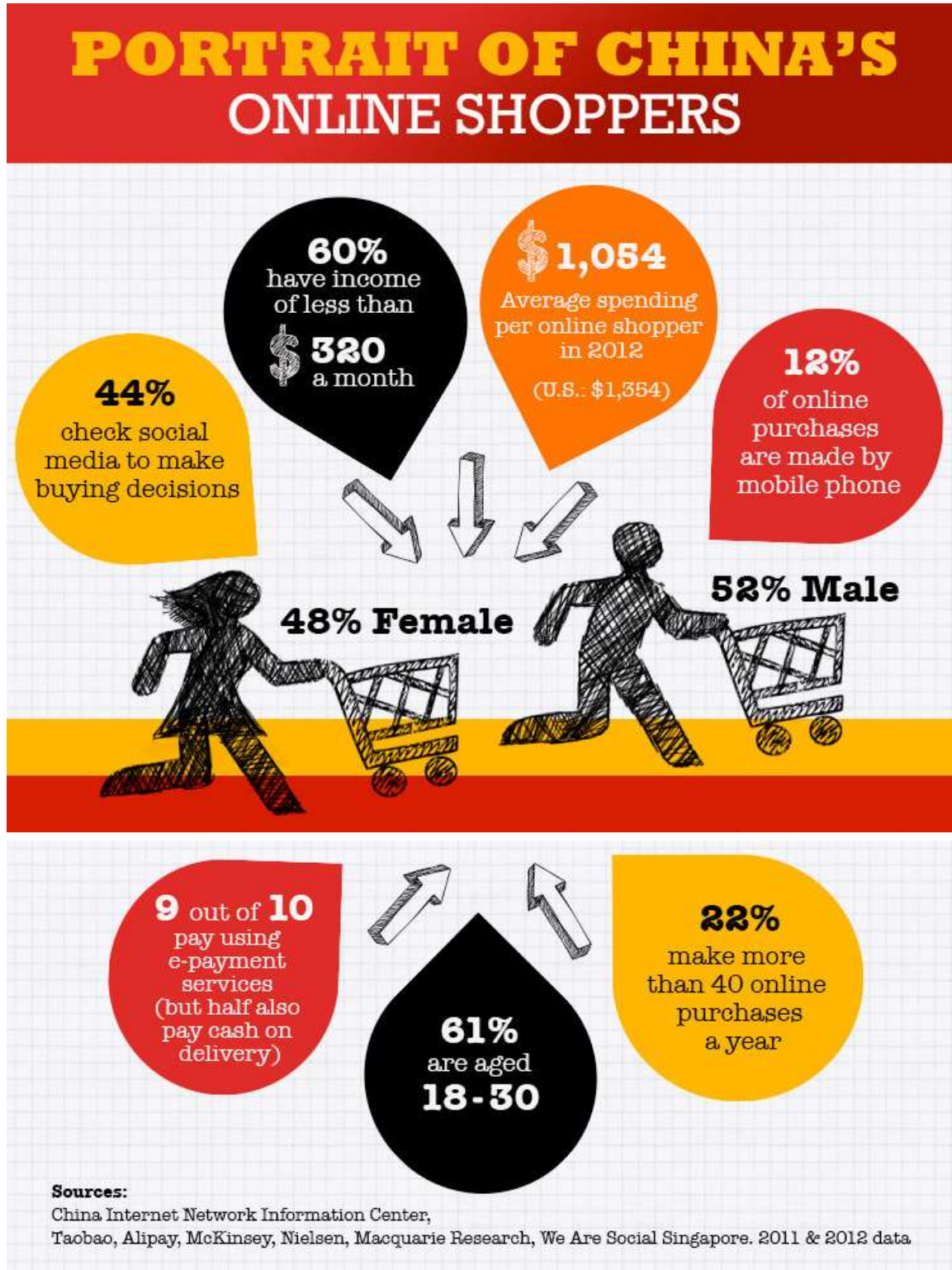
In more than a decade with Alibaba Group, Lu, 43, has led three of its major divisions: Taobao, the company's dominant online shopping platform; Alibaba.com, a global online wholesale market; and Alipay, China's leading third-party online payments provider. Prior to being named CEO, he was responsible for crucial Alibaba Group development efforts in emerging Big Data businesses and also had oversight over the company's cloud-based mobile phone OS, [Alibaba Mobile Operating System](#).

Lu, a former hotel concierge who went on to earn a master's degree in business administration from China Europe International Business School in Shanghai, joined Alibaba Group in 2000 when the company purchased Lu's Internet start-up, a Web-based fax service. >



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As the plans to expand its Taobao Marketplace platforms were clearly described in [Alibaba CEO Shares Vision of China's Growing E-tail Market](#) above we can continue with the remaining blocks of Alibaba's [Feb 27, 2013 infographic](#):



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## WHY THEY E-SHOP



## & WHY THEY DON'T



Sources: iResearch, Macquarie Research. 2011 data

## WHERE THEY E-SHOP

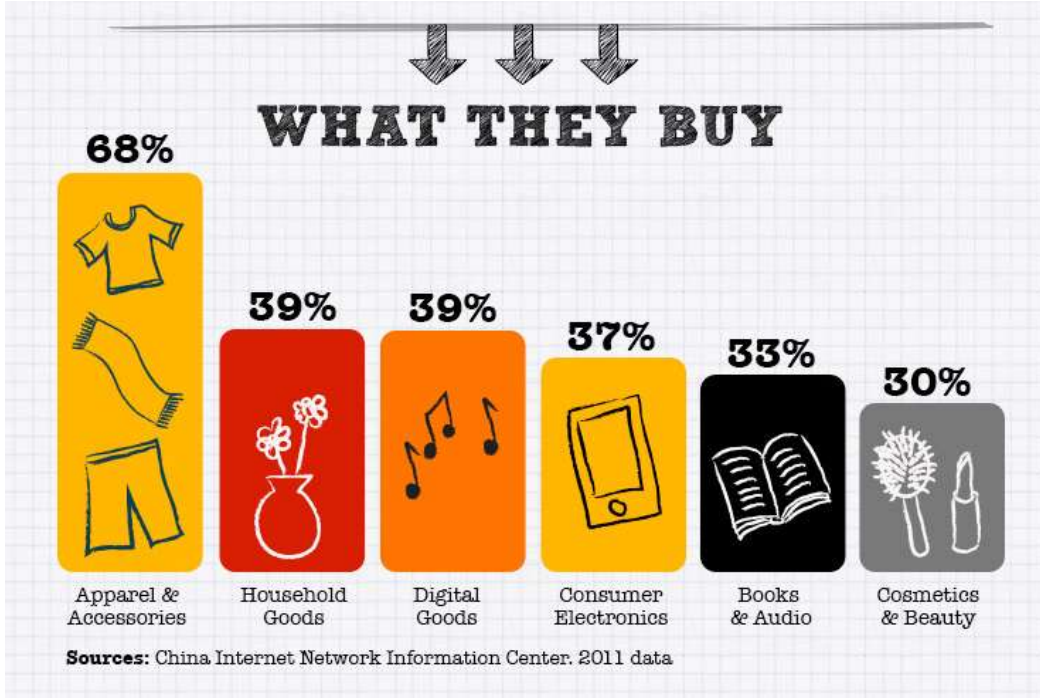
Top Chinese B2C websites by market share



Sources: iResearch, Macquarie Research. 2011 data



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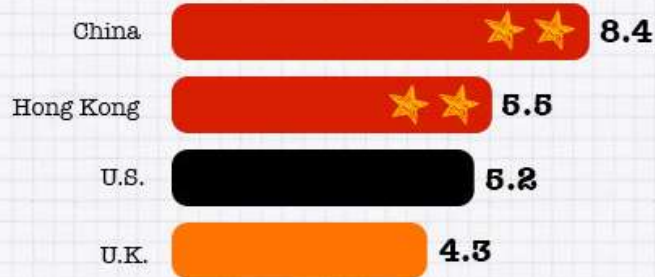


## HOW CHINA COMPARES



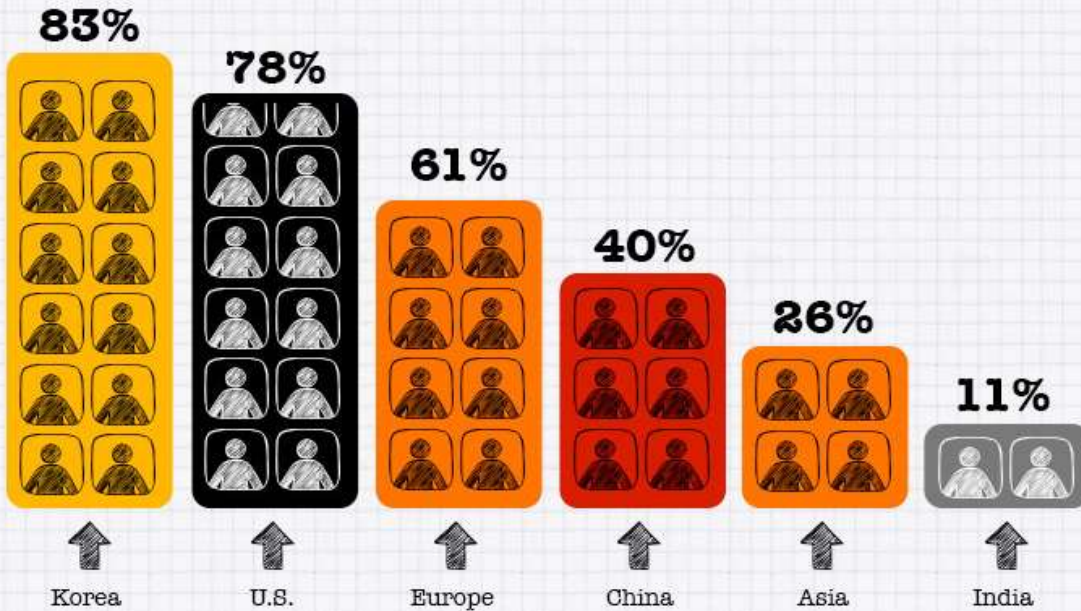
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## AVERAGE MONTHLY ONLINE PURCHASES per person



Sources: eMarketer, Macquarie Research. 2012 data

## CHINA HAS PLENTY OF ROOM FOR GROWTH Internet Users as a Percentage of Population



Sources: eWorld Stat, Macquarie Research. 2012 data



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## Massive move to 4G networks in China very soon

Nothing shows this better as the August 7 news article in China Daily about [European Commission denies delay in telecoms probes](#):

<The European Commission on Tuesday denied a media report that the European Union might delay launching investigations into Chinese telecoms companies' practices. It also denied there was any link between the telecoms issue and whether European companies win a satisfactory share in China Mobile Ltd's huge contract to build a next-generation wireless network.

On Tuesday, the Financial Times quoted unidentified officials as saying the EU will defer making a decision on whether to launch anti-dumping and anti-subsidy investigations against Chinese telecoms companies, including Huawei Technologies Co Ltd and ZTE Corp, until after China Mobile selects winners for the contracts. "The media reports are entirely based on sources and do not refer to the views of Commissioner (Karel) De Gucht," Helene Banner, media representative for EU trade policy in the office of EU Trade Commissioner Karel De Gucht, told China Daily in an e-mail. "Commissioner De Gucht has repeated his position last week: The European Commission is ready to launch an anti-dumping and an anti-subsidy investigation concerning imports of mobile telecommunications networks from China, but seeks a negotiated solution in this case. "However, so far, the European Commission has not yet been in negotiations on the telecoms case with the Chinese authorities. Consequently, a link between the tender mentioned in the news articles and the solution to the telecoms case has never been discussed with the Chinese authorities," Banner said.

China's Ministry of Commerce did not comment on the Financial Times report, and Huawei and ZTE couldn't be reached for comment on Tuesday.

The telecoms issue moved to the front burner in trade ties after a recent bilateral solar dispute settlement that averted a trade war. The EC in May took a decision in principle to open investigations concerning imports of mobile telecommunications networks and their essential elements from China. The decision was not activated to allow for negotiations toward an amicable solution with the Chinese authorities. >



Whether [European Commission denies delay ...](#) or not one thing is sure the stakes are very high for the 3 European network infrastructure companies: Ericsson, Nokia Siemens Network (since Aug 7 called [Nokia Solutions and Networks](#))

and Alcatel-Lucent, placed #1, #2 and #3 in the [4G \(LTE\) market of 2012](#), subsequently.

A July 30 news article in China Daily made quite clear that [China 4G: opportunities for ICT Industries](#):

< International Data Corporation (IDC), a provider of data and advisory services for IT industry, expects that the earliest China will issue its 4G licenses is in September.

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Recognizing the potential 4G opportunities, Premier Li Keqiang presided over the State Council executive meeting on July 12, 2013 to plan for information consumption promotion, domestic demand stimulation and economic transformation and upgrading.

According to the meeting, the followings are emphasized to put onto agenda: Accelerate network and communication infrastructure building and upgrading, facilitate fiber-to-the-home to substantially improve the Internet speed; improve 3G network coverage and service quality; push forward 4G license issuance within the year; **advance tri-networks integration** and rollout across the country within the year, encourage private capital to enter the basic telecom operation market through equity participation. Quicken the establishment of public information service platform, enhance educational and medical resources sharing; popularize resident health cards, and speed up the nationwide interconnection of employment information.

From the beginning of 2013, many media and industry insiders have speculated about when the 4G license will be issued in China, but the speculations have at best been rumors.

As the largest communication market worldwide, the State Council's confirmation of 4G license issuance delivers a strong signal to the depressed Chinese and even the global ICT market that China communication market will be an engine to the development of the global ICT industry.

## China 4G license to be issued in September at the earliest



### Four-Network Coordination



Four-Network Coordination demonstrated early success — network capabilities and coverage continued to improve and structure of traffic loading was gradually optimized.

**2G** base stations reached 810 thousand, maintaining a reasonable network utilization rate and a leading position in voice quality.

**3G** base stations reached 280 thousand, covering cities at county-level or above and some towns and villages, achieving contiguous coverage for large and medium cities.

**WLAN** access points mounted to 3.83 million. WLAN data traffic increased by 274.0% compared to the previous year.

**TD-LTE** scale trial was launched and approximately 20 thousand base stations were constructed in 15 cities. This year will see construction of more than 200 thousand TD-LTE base stations and LTE commercial networks will avail.

Although [own] **TD-SCDMA** [3G] network is operating normally, **there are still problems** affecting the normal operation. Due to the terminal and network problems, **China Mobile**, a running elephant at high speed, **is being gradually caught up with and surpassed by its direct competitors of China Telecom and China Unicom.**

**In order to avoid what happened in the 3G era** and gain more power for the Chinese mobile communication industry to speak in the global communication industry, **the government and China Mobile vigorously expanded the scale and allies of [own] TD-LTE [4G] commercial network.**

According to the latest China Mobile 4G base station bidding data, China Mobile has already prepared for the 207,000 base

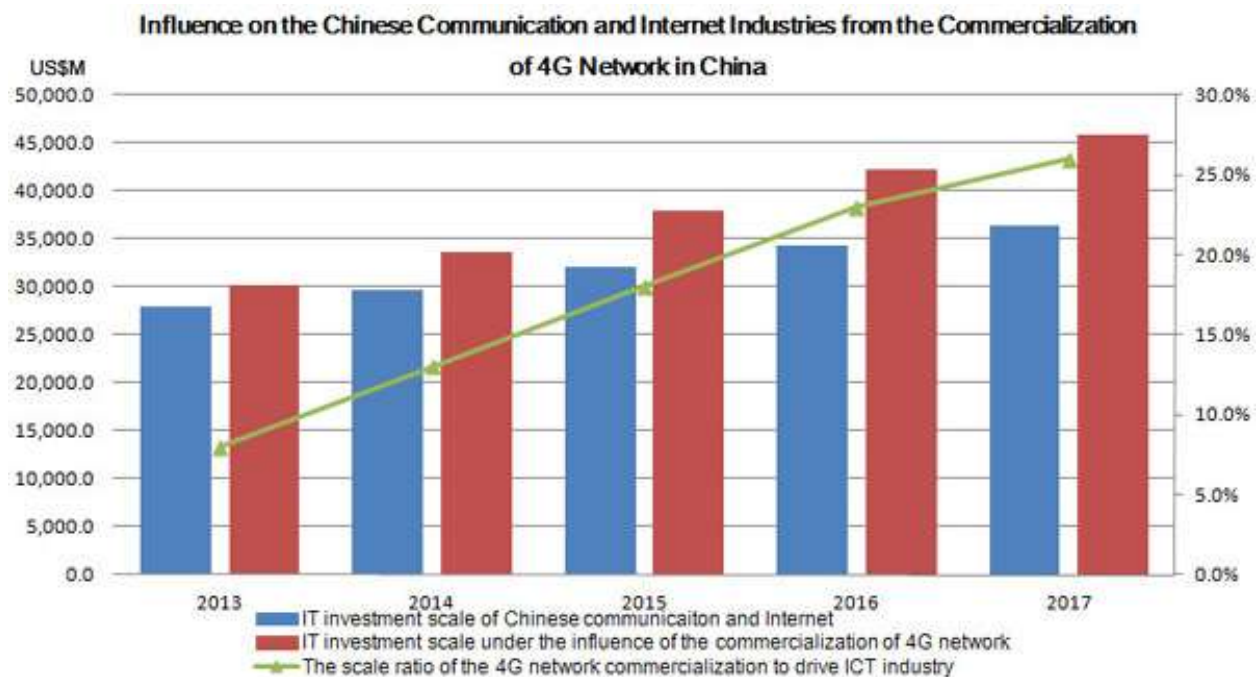
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stations construction in 31 provinces and municipalities all over the country. At present, there is only one thing that the Chinese 4G industry is waiting for the license.

### China 4G license: Opportunities for the ICT industry

The issuance of China 4G license and commercialization of networks will directly or indirectly fuel the development of Chinese ICT industry in the following two ways:

First, the construction of the 4G follow-up supporting systems and the investment scale of the mobile Internet industry are huge. Though the latest and the largest to date **Chinese mobile 4G network** construction bidding mainly focuses on those traditional telecom equipment suppliers, the construction of 4G network follow-up supporting systems (transmission network, operation management and data center) will present enormous market opportunities. Meanwhile, with **about twenty times download speed and loading capacity of 3G network**, the 4G network will bring broad market development space for the mobile Internet industry. IDC expects the IT investment under the influence of the commercialization of 4G network to reach \$33.6 billion in 2014 and \$46 billion in 2017.

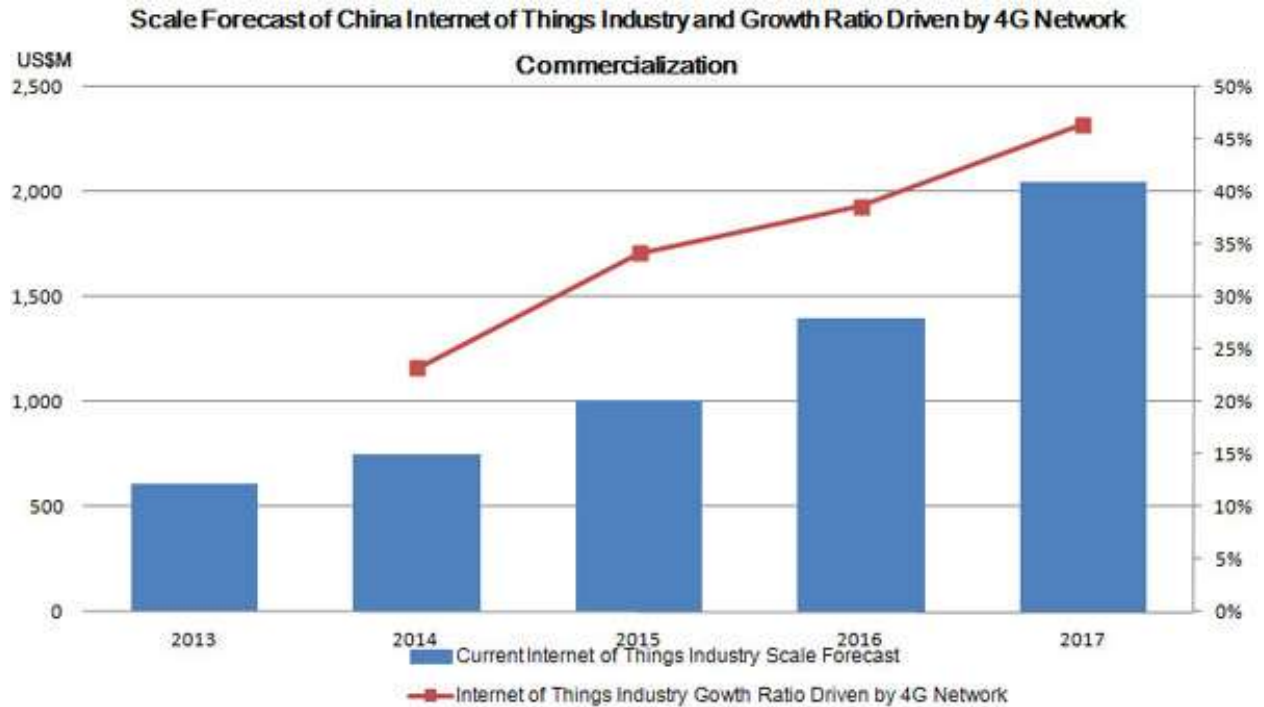


Second, the Chinese Internet of things industry with 4G network as its "Smart Pipe" will gain scale development. On Feb 14, 2012, the 12th Five-year Plan for the Chinese Internet of things was officially issued. According to the Plan, smart industry, agriculture, logistics, transportation, power grids, environment protection, security and safety, medical care and home will get priority for development and key trial projects will be built to drive scale development.

Mobile communication network is the central nerve of the entire Internet of things industry and guarantees the transmission of Big Data in the industry. The commercialization of 4G network will be undoubtedly a powerful push to the entire Chinese Internet of things industry

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as the development of sensing chip of the Internet of things. According to IDC research, the total scale of the Chinese Internet of Things industry will reach \$752 million in 2014 and \$ 2,049 million in 2017.



Therefore, the commercialization of 4G network not only involves the self-development of the Chinese communication industry but also the scale development of the Chinese ICT industry at large. >

So [China 4G opportunities...](#) are crucially important for the non-Chinese companies actively involved in the Chinese ICT market, which Ericsson, Nokia Solutions and Networks, and Alcatel-Lucent definitely are. Just on my trend-tracking blog there are several posts reflecting that:

- Regarding Alcatel-Lucent: [MWC 2012: the 4G/LTE lightRadio network](#)
- Regarding both Nokia Solutions and Networks (then Nokia-Siemens Network) and Ericsson: [Applying 2-16 cores of ARM Cortex-A15 in '2014 vintage' LSI Axxia SoCs that will power next-generation LTE basestations from macrocells to small cells opening upto 1000 times faster access to the cloud by 2020](#)
- Regarding Ericsson making commitment as early as in 2010: [3.9G TD-LTE rollout in 2012 with integrated 2G, 3G and 4G?](#)
- [Mobile Internet](#) in which there is information not only about 4G technologies like FD-LTE (or simply LTE, also called FDD version of LTE (FDD LTE), or even LTE FDD) or TD-LTE (TDD version of LTE (TDD LTE), or even LTE TDD) but Ericsson's LTE Advanced demo as well
- [Good TD-LTE potential for target commercialisation by China Mobile in 2012](#) in which there is ample information about the 4G trials already launched in 2012 with participation of all 3 European companies



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- [China: 20,000 TD-LTE base stations in 13 cities by the end of 2012 and about 200,000 base stations in 100 cities launched in 2013 with the 2.6GHz TDD spectrum planning just started—SoftBank with TD-LTE strategy in Japan getting into global play with Sprint \(also the 49% owner of US TD-LTE champion, Clearwire\) acquisition for additional information about the trials, corresponding to the so called TD-LTE expanded large scale trial network tender](#)

And the competition is indeed tough with the two Chinese network infrastructure companies (in addition to the 4G trials already mentioned above):

- [The ZTE way of capitalizing on the LTE opportunity](#)
- [China Mobile repositioning for TD-LTE with full content and application aggregation services, 3G \[HSPA level\] is to create momentum for that with a lot of Huawei related information](#)
- [IMT-Advanced \(4G\) for the next-generations of interactive mobile services, China is triumphant](#) the earliest information for both companies

If the reader does not want to go to such deep technical details I will recommend to read what China Mobile is providing on its business pages about

### Networks and Technologies

< We provide mobile communication services with GSM, TD-SCDMA and WLAN networks. Also, currently we are actively carrying out trials of TD-LTE network, which will further be commercially operated soon.

**GSM is the second generation mobile communication system**, which is based on digital transmission and the structure of mobile communication network and can provide roaming services. GSM network is composed by three core components, which are base station, base station controller and mobile switching center. In mainland of China, we have the right to send and receive each of the 45MHz spectrum in 900MHz and 1800MHz bands. We have perfect **GPRS/EGPRS [General Packet Radio Service / Enhanced GPRS]** networks, which apply packet switching technology in the field of wireless communication and can provide **data rate higher than 150kbps**.

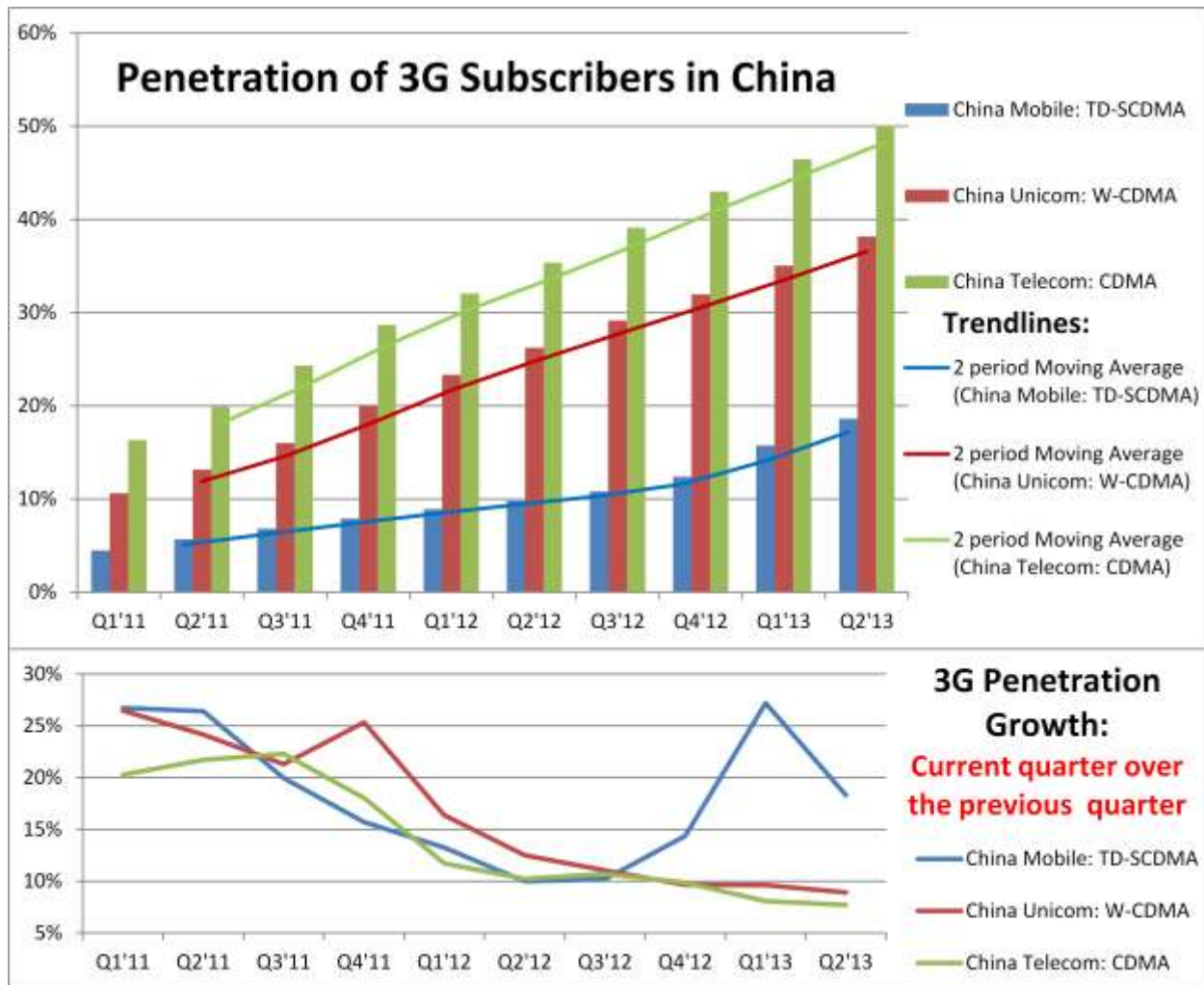
**TD-SCDMA is one of the third generation mobile communication standards**, which introduces Code Division Multiple Access into mobile communication systems and has the characteristics of more flexible spectrum and higher spectrum utilization. TD-SCDMA network is composed by four core portions, which are base station, radio network controller, mobile switching center and SGSN. In mainland of China, we have the right to operate 15MHz spectrum in 2GHz band and 40MHz spectrum in 1.9GHz band for TD-SCDMA system. TD-SCDMA network can provide **maximum uplink 0.56Mbps and downlink 1.68Mbps data rate** for a single user.

**WLAN is a communication system based on IEEE802.11 standard**. WLAN access system consists of access point (AP) and access controller (AC). Our WLAN network uses 2.4-2.4835GHz spectrum and 5.725-5.850GHz spectrum, which is mainly constructed to cover hot spots and provides high speed broadband internet access services with **up to 300Mbps peak rate**.

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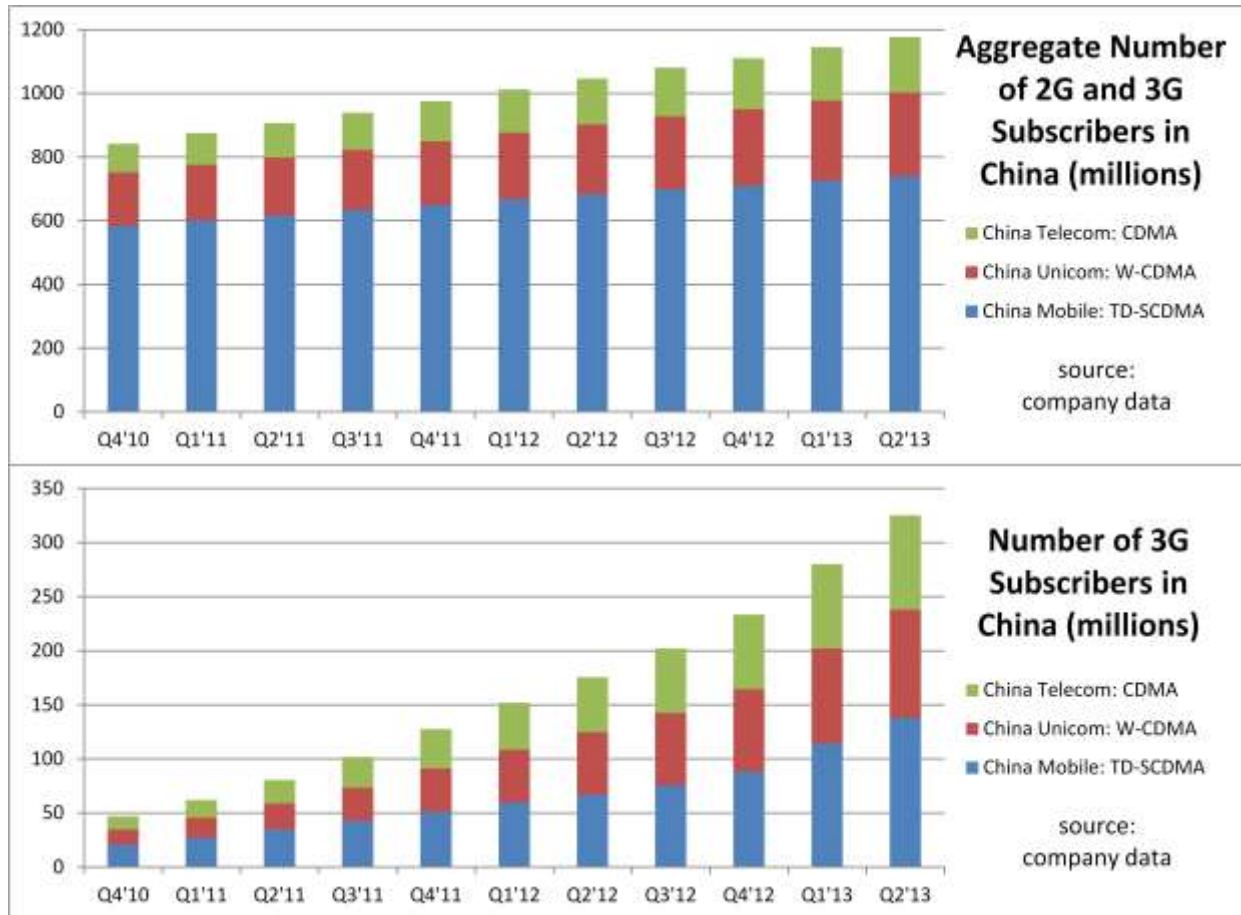
TD-LTE is one of the fourth generation mobile communication standards, which contains many new technologies, such as OFDM [[Orthogonal Frequency-Division Multiplexing](#)] and MIMO [[Multiple-Input and Multiple-Output](#)] and has the advantages of higher peak rate and spectrum utilization. TD-LTE network is composed of enhanced base station (eNodeB) and evolved packet core network (EPC). Currently we are carrying out the trials using 1880-1900MHz and 2575-2615MHz spectrum outdoor and 2320-2370MHz spectrum indoor. TD-LTE system can provide **higher than 20Mbps/100Mbps uplink and downlink peak rate.** >

After such a popularized overview of [Networks & Technologies](#) let's take a look at the current mobile network situation in China using my own charts recently produced for trend-tracking:



Here one can clearly see what the China Daily article quoted above meant by "Although [China's own] TD-SCDMA [3G] network is operating normally, there are still problems affecting the normal operation. Due to the terminal and network problems, China Mobile, a running elephant at high speed, is being gradually caught up with and surpassed by its direct competitors of China Telecom and China Unicom." It is also very much visible, however, that **China Mobile succeeded in the last three quarters to improve significantly the acceptance of its TD-SCDMA.**

## The Upcoming Mobile Internet Superpower



Despite of such terminal (smartphones, [dongles](#) etc.) and technology improvement there is still a huge room for China Mobile to increase its 3G data and voice services subscribers, as you could well see on the above charts. The first chart of the 3G penetration rate (on the previous page) shows that by the end of H1 CY13 China Telecom, with the old and somewhat outdated international [CDMA standard](#), had the highest 50% penetration rate among the 3 operators. China Unicom with the globally accepted [W-CDMA standard](#) has 38.2%, while China Mobile with [home invented TD-SCDMA](#) only 18.6%. At the same time, the aggregate number of 2G and 3G subscribers is in the exact opposite order: 174.5 millions for China Telecom, 262.2 millions for China Unicom, and 740.2 millions for China Mobile.

The 4G [TD-LTE](#) network, originally China's own invention but in 2010 accepted as a global standard as well, is therefore not only a kind of speed-up of the 3G TD-SCDMA, but also the only chance for China Mobile to jumpstart over its two competitors. To maximize that chance the government had been delaying the issuance of 4G licenses in the country waiting for TD-LTE to become quite mature. Meanwhile China Telecom and China Unicom had to adapt to a such government strategy, also because they are also (like China Mobile) majority owned by the Chinese state, as their minority ownership is realized via proper stock exchanges (mostly in Hong Kong).

## The Upcoming Mobile Internet Superpower

**China Telecom** is state controlled via two [SOEs \(State-Owned Enterprises\)](#). 70.89% of it is owned by China Telecommunications Corporation and 6.94% by Guangdong Rising Assets Management Co., Ltd, according to [Annual Report 2012](#). In the case of **China Unicom** the SOE in case is the China United Network Communications Group Co.,Ltd ("Unicom Group") holding 62.77% according to [Unicom's Annual Report 2012](#) (note that Telefónica owned 5.01% as well showing Unicom's global interests). **China Mobile Limited** is controlled via China Mobile (Hong Kong) Group Limited ("CMHK (Group)") which indirectly (via China Mobile Communications Corporation, a SOE) held an equity interest of approximately 74.08% as of 31 December 2012, according to its current [Overview](#) page.

We are talking here about enormous market capitalizations: China Telecom having a value of US\$41.32 billion, China Unicom US\$36.2 billion and China Mobile US\$216.36 billion – as of Aug 9, 2013. That is US\$293.88 billion all together, out which the state ownership has a value of US\$212.29 billion. Meanwhile the whole essence of the Chinese telecommunications industry, the group of these 3 companies, is controlled 72.24% by the Chinese government if we calculate this through the market capitalization values. The US\$293.88 billion compound capitalization value of Aug 9, 2013 is even slightly above of the US\$290.138 billion value of the Berkshire Hathaway Inc (the group controlled by Warren Buffet), usually regarded as the #3 most valuable company in the world. Only Exxon Mobil Corporation is ahead of that compound value with US\$403.98 billion and Apple with US\$418.83 billion (on the same day).

China Mobile alone is more valuable than IBM (US\$205.86 billion) or Samsung Electronics (US\$177.48 billion) as of Aug 9, 2013. In the telecommunication services itself it is the undisputed #1 with the followers: AT&T at US\$186.58 billion, Vodafone Group at US\$149.31 billion, Verizon Communications at US\$141.99 billion, America Movil SAB de CV at US\$80.45 billion, SoftBank(\*) at US\$75.74 billion, Telefónica at US\$66.43 billion, NTT Docomo at US\$65.6 billion, Nippon Telegraph and Telephone at US\$62.37 billion, Deutsche Telekom at US\$57.78 billion, and Telstra at US\$56.37 billion of market capitalization (as of Aug 9, 2013).

(\*) SoftBank (Japan) [owns 36.7% of the Alibaba Group](#) as of July 30, 2013. It also acquired Sprint and Clearwire in the US on July 11, 2013. The company will also use with [Clearwire TDD LTE \(TD-LTE\) network](#) as well as a July 26 global news said that [Sprint turns on LTE TDD \[TD-LTE\], allowing it to compete with AT&T and Verizon's coverage and performance](#), and this was already activated silently in eight metropolitan markets. In the telecom service sector Softbank is the company innovating and expanding most.

*So how things will proceed after all? With enormous capital investments this year alone. Read the following two reports from China:*

### China Unicom tests 4G network

[China Daily, Aug 9, 2013:](#)

< China United Network Communications Co Ltd, known as China Unicom, said on Thursday that it has started testing a TD-LTE 4G network, which it will use if the government doesn't allow it to use its favored FDD-LTE technology in the upcoming 4G licensing process.



## The Upcoming Mobile Internet Superpower

China's second-biggest mobile operator by subscribers is said to have taken the preemptive action because it expects the government to follow a similar strategy as in its 3G auction, when it first awarded licenses for TD-LTE networks, a technology which is mostly backed by its arch-rival China Mobile Ltd, which has the most subscribers in the country.

The government is widely expected to award 4G licenses before the end of the year. And if it licenses TD-LTE networks first, it will give China Mobile a big edge in the 4G market over its competitors.

After reporting a 55 percent jump in its first-half profit, Chang Xiaobing, the company's chairman, said investment on TD-LTE technology has already started and testing will begin in major cities. Funds will come from Hong Kong-listed China Unicom, rather than from its controlling company China United Network Communications Corp Ltd, which previously funded some of China Unicom's network tests.

"I expect Beijing to license TD-LTE first, so we have to prepare," Chang told a news conference in Hong Kong on Thursday.

Beijing favors TD-LTE, or Time-Division Long-Term Evolution, because the network's core technologies are developed by Chinese companies. The technology was developed specifically for the Chinese market and is expected to serve a quarter of the global market by 2016.

China Unicom's infrastructure mainly supports FDD-LTE, or Frequency Division Duplexing Long-Term Evolution, which is the world's dominant 4G technology. **Out of the 156 commercial 4G networks operating around the world in March 2013, 142 were FDD-LTE and 14 were TD-LTE networks.** China Mobile operates a FDD-LTE network in Hong Kong and is trying to integrate it with the mainland's TD-LTE market.

Chang said **China Unicom's capital expenditure** will stay within the full-year budget of **80 billion yuan (\$12.96 billion)**, despite the planned investment in TD-LTE networks.

Media reports said that **China Telecom** Corp Ltd, the other major operator in China, **will rent China Mobile's TD-LTE 4G infrastructure.** Chang refused to say if China Unicom will do the same.

China Unicom's first-half profit surged to 5.32 billion yuan compared with 3.43 billion yuan in the same period in 2012. Revenue was up 18.6 percent to 144.3 billion yuan, boosted by a 52 percent increase in income from 3G services to 40.9 billion yuan. The company's 3G subscribers grew a stunning 74 percent to more than 100 million. ... >

### New battle for 4G equipment market share

[ChinaDaily, June 25, 2013:](#)

<China Mobile Ltd has officially launched its largest tender ever for the construction of its fourth generation (4G) network in China, igniting a new battle among telecom gear makers for market share. On June 21, China Mobile, the world's largest telecom operator by subscribers, posted an online tender saying it plans to purchase equipment for 207,000 4G base stations. That purchase means the number of China Mobile's 4G base stations is likely to catch up with that of its 3G base stations soon.

## The Upcoming Mobile Internet Superpower

**China Mobile** is using the domestic Time Division-Long Term Evolution technology for its next-generation mobile network. Unlike its 3G tenders, China Mobile said it will not accept agent bidders or those who make all critical equipment on an original equipment manufacturing basis.

The Chinese telecom operator's **capital spending will jump 49 percent year-on-year to 190.2 billion yuan (\$30.5 billion) in 2013. More than half of the company's network expenditure, or 42 billion yuan [\$6.86 billion], will go on 4G projects this year.**

Foreign and domestic telecoms equipment vendors have shown strong interest in China Mobile's 4G network deployment.

Yuan Xin, president of Alcatel-Lucent China, said he is very optimistic about achieving a satisfactory result in the third quarter, when China Mobile announces the final bidding results. "TD-LTE business will be the core foundation for Alcatel Lucent's future development," Yuan said at a Shanghai news conference on Monday. China's 4G industry is about to take off, since the market environment for LTE development has matured, he said. "Based on our solid technology and 4G experience in and out of China, we are confident of performing well," he added.

Alcatel-Lucent had the largest share, or 14.5 percent, among foreign telecom gear makers during China Mobile's first round of 4G tenders last year, according to research firm IHS iSuppli. The company is the major telecom equipment supplier for Verizon Communications Inc's 4G network, which covers about 200 million subscribers in the United States. "We even dream of introducing TD-LTE technology to the US market, which follows the trend that carriers worldwide want to make the best use of spectrum resources," he said.

Because foreign telecom equipment vendors achieved less than a 30 percent market share in total during the first round bidding of China Mobile's TD-LTE tender, they seemed more anxious to improve their positions by grabbing bigger shares this time.

"We are not satisfied with the results Ericsson achieved in China Mobile's first-round 4G bidding last year," said Mats H. Olsson, senior vice-president of Ericsson Asia-Pacific, during the 2013 Mobile World Congress held in Spain in February. "In the past Ericsson paid a lot of attention to countries including the United States, Japan and South Korea and mainly focused on the deployment of FDD-LTE networks. Now we have turned our sights on China and TD-LTE technology," Olsson said.

However, analysts argued that domestic rivals still hold advantages over foreign players. Chen Peng, analyst with China Merchants Securities Co Ltd, said he expected Huawei Technologies Co Ltd and ZTE Corp to gain more than half of the share in China Mobile's 4G bidding.>

# The Upcoming Mobile Internet Superpower

## Xiaomi (小米)

### Runs MIUI V5

MIUI V5 is based on Android 4.2,  
might be the best customized Android OS ever!

MIUI have over 20 million users all over the world till now,  
Provides a better phone and SMS user experiences,  
More stable, smoother, faster and longer battery life,  
Compatible with Android apps and games,  
Upgraded weekly.



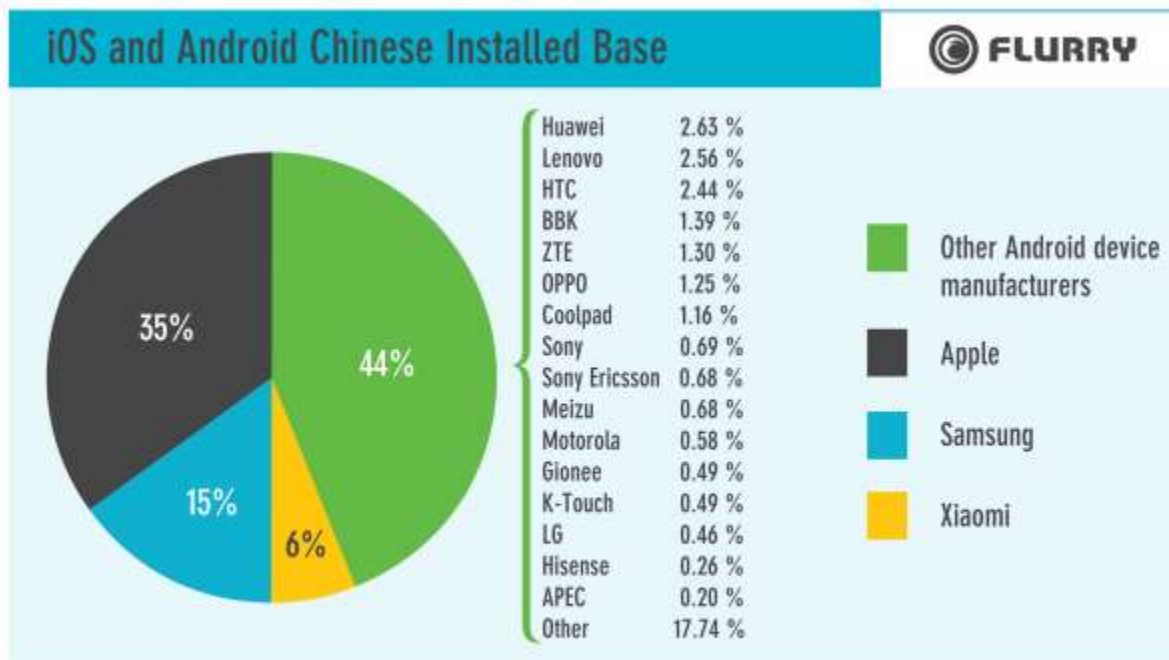
[China Report: Device and App Trends in the #1 Mobile Market](#) [by Mary Ellen Gordon on Flurry Blog, July 23, 2013]

### <... Xiaomi Is A Local Manufacturer To Watch

Examining a random sample of 18,310 of the devices in our system in China that run iOS or Android apps revealed that Apple and Samsung are the top two device manufacturers, as they are most everywhere. China's own **Xiaomi was a strong third**, with a 6% share of the market, ahead of HTC, Lenovo and a multitude of others. [As we noted in a previous post](#), Xiaomi has been successful in accumulating a large number of active users for each device model it

## The Upcoming Mobile Internet Superpower

releases. Worldwide, only Apple, Amazon, and Samsung have more active users for each device model released.



Source: Flurry Analytics, random sample of 18,310 Chinese owned iOS and Android devices.

It will be interesting to see if Xiaomi can continue to gain share in China – possibly by mopping up share from smaller manufacturers of Android devices – and also if they can begin making gains in other markets outside of China to become more of a global player. With rumors of a Xiaomi tablet circulating, we will also be watching to see if their entry into the tablet market will increase the use of Android tablets in China. Currently 21% of the iOS devices in our randomly drawn sample were tablets compared to only 4% of the Android devices. ... >

**Xiaomi shifts into low end of mobile sector** [China Daily, Aug 1, 2013]

< **The company officially offers the first batch of products on Aug 12**

Chinese smartphone manufacturer Xiaomi Corp launched a **sub-brand "Hongmi" (red rice)** on Wednesday that targets the country's entry-level smartphone buyers.

With rumors circulating that Apple Inc will introduce cheaper iPhones for Chinese clients in the second half, Beijing-based Xiaomi aims to beat its rival to the punch in the lower-end market.

Xiaomi released the Hongmi smartphone, priced at 799 yuan (\$130), at a Beijing news briefing on Wednesday.

Hongmi has a 4.7-inch screen, Android-based device equipped with MediaTek Inc's 1.5-gigahertz quad-core processor. The dual-card handset **supports China Mobile Ltd's second-generation (2G) and third-generation (3G) networks.**



## The Upcoming Mobile Internet Superpower

Lei Jun, founder and chief executive officer of Xiaomi, said the launch of the Hongmi signifies Xiaomi's first attempt to explore the nation's affordable (below 1,000 yuan) smartphone market.

"I believe the Hongmi is the best product among all 1,000-yuan [\$163] smartphones" in China, Lei said. "Xiaomi does not care much about sales or shipments, but we strive to produce the finest devices" for our costumers, Lei said at the event.

Since Apple is hatching a plan to slash its iPhone price and garner more Chinese buyers, some Xiaomi officials said the "birth" of Hongmi is a preparation for the looming price-cut trend.

"People will pay more attention to cheaper but capable smartphones," one said.

Apple's Chief Executive Officer Tim Cook was in Beijing again, said officials at China Mobile Ltd on Wednesday.

Xi Guohua, China Mobile's chairman, met with Cook on Tuesday to discussion cooperation, said Li Jun, spokesman of China Mobile, via a text message.

Analysts said Cook might have come to China to discuss Apple's shrinking sales.

There's no doubt that Hongmi will open more doors for Xiaomi. Compared with the middle and high ends of the smartphone market, where Xiaomi has been operating, the entry-level market boasts many more potential buyers.

According to data from Alibaba Group Holding Ltd, China's biggest e-commerce company by sales, 61 percent of the mobile phones sold on the Taobao marketplace and the business-to-customer platform Tmall.com were priced below 1,000 yuan. About one-fifth of the mobile phones sold cost 1,000 yuan to 2,000 yuan [\$327], while only 18 percent cost more than 2,000 yuan.

"The entry-level smartphone market is definitely the market offering the most consumers," said Li Yanyan, an analyst with Beijing-based research firm Analysys International.

Domestic telecom operators have actively promoted and launched market campaigns for affordable smartphones, which help raise consumer awareness, she pointed out.

Sandy Shen, an analyst with Gartner China, said the launch of the Hongmi also fills a void for Xiaomi in cooperation with the nation's biggest mobile operator, China Mobile.

"Previously, Xiaomi partnered with both China Unicom and China Telecom, but we never heard any information about cooperation with China Mobile," Shen said.

China Mobile, although struggling in the domestic 3G competition because it adopted a relatively inferior 3G technology, has gradually got on track to catch up with rivals in recent months. China Mobile sold more than 59 million mobile phones for its 3G network in the first half of this year, said Ma Jingxin, vice general manager of China Mobile Terminal Co, during the same event. Ma added the figure was close to China Unicom's 3G mobile phone shipments.

The Hongmi smartphone is available for pre-orders on Tencent Holdings Ltd's Qzone, a social-networking platform with more than 60 million users. On Aug 12, Xiaomi will officially offer the first batch of products.

## The Upcoming Mobile Internet Superpower

Although Chinese media have reported that Tencent was about to invest in Xiaomi, officials at Xiaomi have denied any such plan.

"Qzone is China's biggest social-networking website and it closely aligns with Xiaomi's targeted clients," Li Wanqiang, vice-president of Xiaomi, said.

"Social-networking platforms are the major battlefield (for Xiaomi marketing and selling its products)," Li added. >

### After 7.45 million pre-orders, Xiaomi sells first batch of 100,000 budget phones in 90 seconds

[Tech In Asia, Aug 12, 2013]

< Xiaomi unveiled its new budget smartphone on July 31, setting the price at just \$129. The Android-powered device, called the Xiaomi Hongmi, soon attracted 7.45 million pre-orders. Today at midday, Xiaomi put its first batch of 100,000 Hongmi phones up for sale, and all available models were snapped up in 90 seconds.



The Xiaomi Hongmi has a 720p 4.7-inch screen, a quad-core 1.5GHz processor (a budget MediaTek MT6589T), and an 8-megapixel rear camera. It supports only TD-SCDMA 3G, so it can only be used on China Mobile with 3G data.

As we reported earlier this morning, Xiaomi has raised its sales target for the year from 15 million to 20 million smartphones, boosted by this new budget model. >

### MIUI V5 Features [MIUI Official English Site, Dec 13, 2012]

< **Phone & SMS:** Better Call & SMS experience ... / Phones ... / Messaging ... **Reliable Privacy Protection:** Equipped with Kingsoft, Wall-E, LBE and other security software to protect device contents ... Network Assistant ... / Anti-Spam ... / Virus Scan ... / Backup ... / Password ... / Permissions ... / Find Device ... / Autostart ... **Customization On Another Level:** Personalized themes, numerous lockscreens and a variety of MiSpace to choose from. ... Personalized Themes (Unique Themes) ... / Variety of Lockscreens (Fun Lockscreens) ... / MiSpace ... **Larger Font Sizes:** Making your phone adjust to your eye vision, not vice versa ... **Over 200 Functions:** Making life a bit easier ... Lockscreen Flashlight ... / Weather ... / Notes ... / Toggles Drop Down Bar ... / Alarm Clock Always On ... / One Click Cache Clean up ... >

# The Upcoming Mobile Internet Superpower

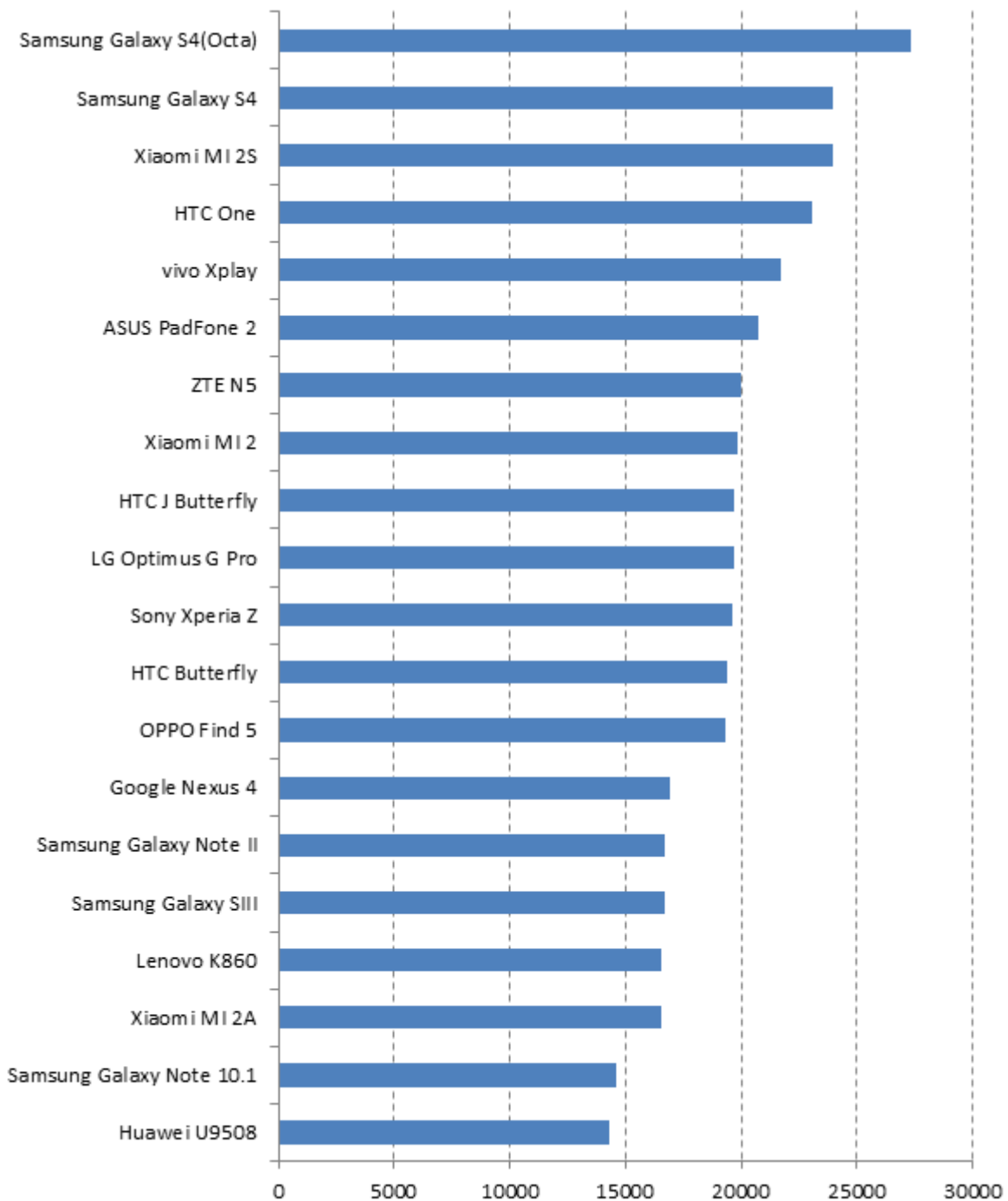
[AnTuTu Labs Observation Report Semi-Annual](#) [AnTuTu Benchmark News, Aug 12, 2013]

< ...

## Hardware Performance Top 20 Smart Devices in Global

Statistics Period: January 1st, 2013 - June 30th, 2013

...



[Note Xiaomi Mi 2S being essentially on par with Samsung Galaxy S4 in performance.]

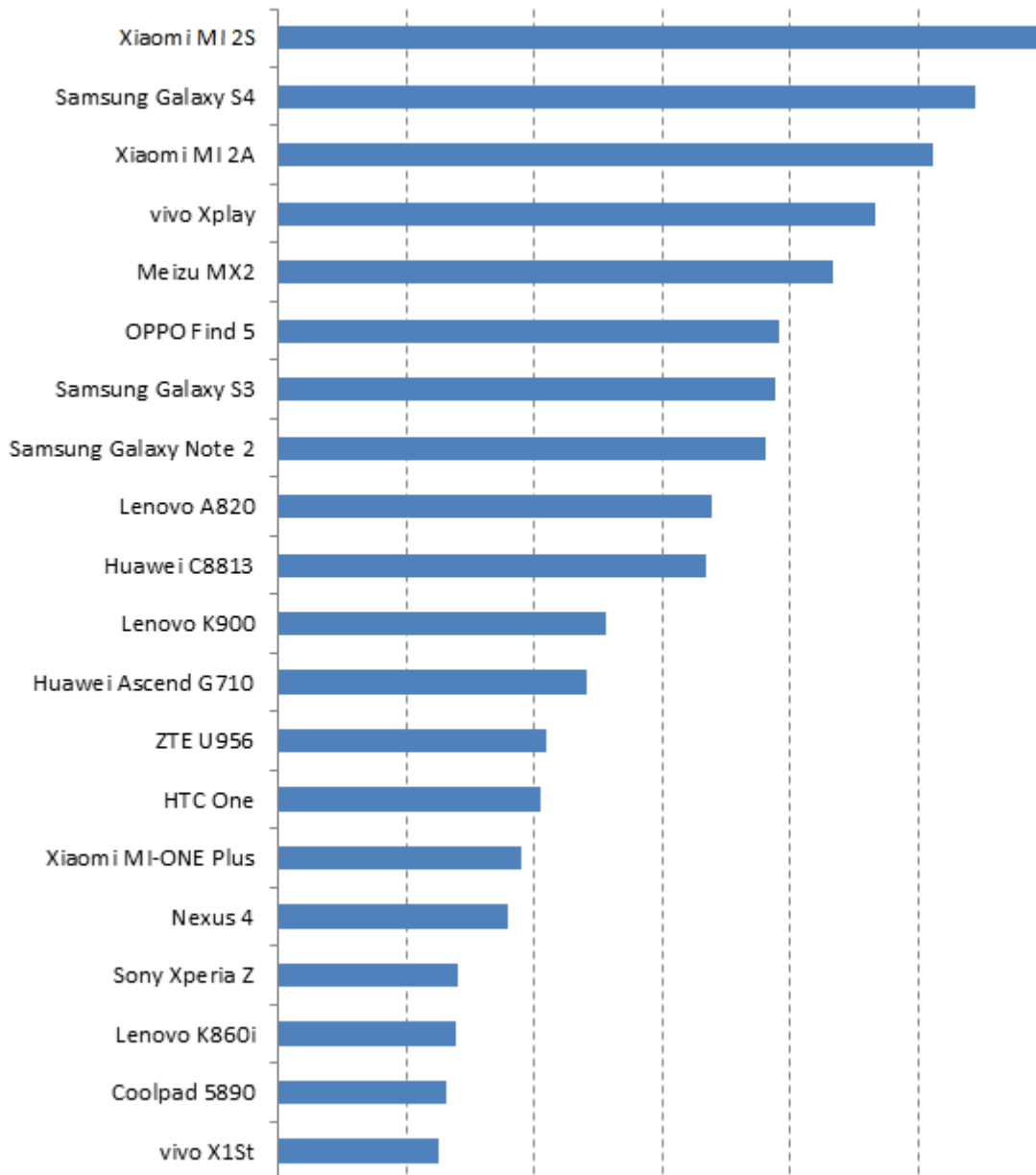
# The Upcoming Mobile Internet Superpower

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## China Top 20 Smart Phones in Popularity

Statistics Period: January 1st, 2013 - June 30th, 2013

AnTuTu Labss run a data mining to its collected information from the mobile device market of China, and give users a ranking in popularity below, in accordance with the active device volumes.





## The Upcoming Mobile Internet Superpower

Within the popularity rank list to China Android-based smart phones market, products from Xiaomi Company take two positions in the top 3. **The products from Xiaomi Company have won much more popularity in China market, better than Samsung.** We AnTuTu Labs think, the consumers in China prefer smart phones with powerful hardware performance and a regular price. Otherwise, we checked the benchmark data of the two smart phones from Xiaomi Company, and they all have achieved good scores in our AnTuTu Benchmark.

Although, Samsung Galaxy S4 takes the second position in the popularity rank of China, but this smart phone achieves much larger market volume than Xiaomi 2S.

From the popularity rank chart, we can easily know the difference in popularity between Xiaomi 2S and Samsung Galaxy S4. Meanwhile, comparing the prices and hardware configuration of the two products, we may have a conclusion that: the consumers in China may prefer smart phones with best cost performance while they decide to purchase.

... >

**[MIUI] Downloads** [MIUI Official English Site, since April 13, 2011 with updates as required]

### <Official Dowloads:

#### Author : MIUI Developer Team

Kernel : Android 4.1

Latest update : 3.8.9

Download : <http://www.miui.com/download.html>

Language : Chinese and English

### Unofficial Downloads:

The following are unofficial versions of MIUI ROM made by MIUI fan sites. Please let us express our heartfelt thanks to them! Please note that unofficial ROMs are not tested by official MIUI Developer Team, so be careful with your choice.

Welcome you to send us your transiation. Thanks. Enjoy MIUI!

<b>Author : MIUI UK</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://www.miuiandroid.com/">http://www.miuiandroid.com/</a> Language : English	<b>Author : MIUI Germany</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://miui-germany.de">http://miui-germany.de</a> Language : German
<b>Author : MIUI Italy</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://www.miui.it">http://www.miui.it</a> Language : Italian	<b>Author : MIUI Spain</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://miui.es/">http://miui.es/</a> Language : Spanish
<b>Author : MIUI Israel</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://hebmiui.com/">http://hebmiui.com/</a> Language : Hebrew	<b>Author : MIUI Russia</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://miui.su/">http://miui.su/</a> Language : Russian





## The Upcoming Mobile Internet Superpower

<b>Author : MIUI France</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://miui-france.org/">http://miui-france.org/</a> Language : French	<b>Author : MIUI Portugal</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://www.miuiportugal.pt/">http://www.miuiportugal.pt/</a> Language : Portuguese
<b>Author : MIUI Czech</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://www.miui.cz/">http://www.miui.cz/</a> Language : Czech and Slovak	<b>Author : MIUI India</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://www.miui-india.in">http://www.miui-india.in</a> Language : English
<b>Author : MIUI Ukraine</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://romz.bz/pages/download_miui/">http://romz.bz/pages/download_miui/</a> Language : Russian and Ukrainian	<b>Author : MIUI Greece</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://www.miui.gr/forums/downloads">http://www.miui.gr/forums/downloads</a> Language : Greek
<b>Author : MIUI Indonesia</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://miui.web.id/category/download">http://miui.web.id/category/download</a> Language : Indonesian	<b>Author : MIUI Brazil</b> Kernel : Android 4.1 Latest update : 3.8.2 Download : <a href="http://miuirom.com.br/">http://miuirom.com.br/</a> Language : Portuguese >

There is also some kind of European device sales expansion started in Spain with opening of [Xiaomi Espana](#) site on [July 5, 2013](#) and the MI 1S dual-core smartphone availability for €170 [on the next day](#). Currently (Aug 13, 2013) the following products are listed [on the product page](#):



## Productos Xiaomi

 <p>Xiaomi MI2S €290.00</p>	 <p>Xiaomi MI2A €220.00</p>	 <p>Xiaomi MI1S €170.00</p>	 <p>Xiaomi Box €65.00</p>
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Direct delivery is organized via YanWen Express [said to be](#) “the best logistics company international that can be found in China” (“la mejor empresa de logística internacional que se puede encontrar en China”).

## The Upcoming Mobile Internet Superpower

*In addition Xiaomi is preparing for overall international expansion as well by implementing the MIUI specific services globally of needed:*

**Xiaomi Launches SMS Platform** [SAP.info, July 3, 2013]

**<Xiaomi Tech, a Chinese mobile phone company, has introduced a new SMS messaging platform based on the SAP SMS 365 Enterprise service.**

Good news for smartphone users. [Xiaomi Tech](#), a Chinese mobile phone company, has launched Enterprise International SMS (iSMS), a new platform that allows users across the world, in particular in Hong Kong and Taiwan, to enjoy a faster and more stable international SMS service. Mobile subscribers will be able to send international text messages via a two-way direct coupling transmission.

The platform is based on the enterprise service of SAP SMS 365 and is being deployed by [SAP Mobile Services](#) and Xiaomi Tech. Huang Jiangji, Vice President and co-founder of Xiaomi Tech, explained: "As the market and technology leader in mobile interconnection services, SAP Mobile Services provides solutions that integrate the world's leading innovations with practical applications relevant to local Chinese companies. We are looking forward to developing a long-term strategic cooperation with SAP Mobile Services that enables us to provide the best user experience to our global Xiaomi customers." Registered members of the MIUI Club, Xiaomi's loyalty program, will receive a premium service.

### **SAP excited about Xiaomi partnership**

[Matthew Tonkin](#), Vice President of SAP Mobile Services Sales, APJ, said: "We are very optimistic about China's mobile market, and are very excited to be Xiaomi's globalization partner in successfully building its iSMS platform with strong functions and a stable performance in the first year of Xiaomi Tech's international expansion. This is a significant accomplishment in improving Xiaomi's user experience and expanding its global reach. We are looking forward to deepening the partnership with Xiaomi Tech and bringing more exciting mobile innovations to international markets."

To better satisfy user demands and enhance the quality of SMS services, Xiaomi Tech specially selected SAP as its partner to build this industry-leading enterprise iSMS platform. The platform successfully went live only one month after implementation in August 2012, providing downlink services to Xiaomi. In April 2013, the project team took just two weeks to complete building the two-way direct coupling transmission channel in Hong Kong and Taiwan. Mobile phone users in Hong Kong and Taiwan can now send international text messages via an uplink and downlink SMS channel, while other international users can send messages via a single downlink channel, enabling fast and stable international SMS transmission worldwide.

### **Xiaomi Tech: from the Chinese mainland to international markets**

Xiaomi Tech, founded in 2010 and headquartered in Beijing, reported a revenue of €810 million in the first half of 2012. The company released Xiaomi Phone in September 2011, a low-cost smartphone that was well accepted in the market. The company also developed MIUI, a custom firmware for mobile phones that is based on Android. Xiaomi sells most of its smartphones online in small quantities.

## The Upcoming Mobile Internet Superpower

Since the launch of its first mobile phone in August 2011, Xiaomi has continuously achieved outstanding sales records on the Chinese mainland. **At the beginning of 2013, Xiaomi Tech took its first step onto the international stage by entering the Hong Kong and Taiwan markets.** Due to their price-performance ratio, Xiaomi mobile phones are now well sought-after in those markets. >

The MIUI Developer Team in China is providing [official downloads](#) for the following brands models in English and Chinese versions:

< **Xiaomi** & V5: 1/1S, 2/S, 2A, Hongmi (Red Rice)

Google & V5: Galaxy Nexus, Nexus S, Nexus 4

**Google** & V4: Nexus One, Nexus 7

**HTC** & V5: Sensation G14/G18, One X, One S (S4), EVO 3D (GSM), Incredible S, Desire S, Desire HD, Desire Z, Touch HD2, One V, Mytouch 4G, One S (S3), Rezound

HTC & V4: Desire G7

**Samsung** & V5: I9100 [Galaxy S II], I9300 [Galaxy S III], I9000 [Galaxy S], Galaxy Note I9220, Galaxy Note 2, I9100G [Galaxy S II], E120L [Galaxy S II HD]

Samsung & V4: M250L [Galaxy S II] Samsung & V2.3: T959 [Galaxy S 4G], I897

**Motorola** & V5: XT910, Defy, ME865, Defy +, ME860

Motorola & V2.3: Milestone

**LG** & V5: P990, LU6200, P970, SU640, P880

**Sony Ericsson** & V5: LT18i Sony Ericsson & V4: MT15I, MT11I, ST18I

**ZTE** & V5: Grand U970, N880E, U930, N909, N5, U5, U956

ZTE & V4: U950, N881F, N970

**OPPO** & V5: Finder, Find 5

**Huawei** & V5: Honor, Ascend P1, Honor 2, C8812, U8818, C8812E, C8860E, C8813, C8813Q

Huawei & V4: Ascend D1, U8825D, C8950D

**MediaTek** & V5: Lenovo A830, G-Five 基伍Big 7, Jiayu 佳域G4, ZOPO 卓普C2, Amoi 夏新N828, ZTE V987, Coko 小采X9, K-Touch 天语V8

**Others** & V5: Newsmy 纽曼 N2, Lenovo K860I, Lenovo K860, Pantech A820, Coolpad 酷派5890, Meizu 魅族MX2, Pantech A800, Pantech A830, Meizu 魅族MX2 (TD version) >

*This widespread 3d party device support by MIUI Developer Team is the reason why the “Xiaomi installed base” of 6% (by Flurry shown earlier) is higher than the Q2’13 market share of 5% reported by Canalys via [The Next Web on Aug 6, 2013](#) (Yulong = Coolpad):*

Vendors	Shipment	Market share
Samsung	15.5	17.6%
Lenovo	10.8	12.3%
Yulong	10.7	12.2%
ZTE	7.7	8.7%
Huawei	7.5	8.6%
Xiaomi	4.4	5.0%
Apple	4.3	4.8%
Others	27.1	30.8%
<b>Grand total</b>	<b>88.1</b>	<b>100%</b>



## The Upcoming Mobile Internet Superpower

With such achievement [Xiaomi raises its target, now plans to sell 20 million smartphones in 2013](#) [Tech In Asia, Aug 12, 2013]:

<Chinese startup phone-maker [Xiaomi](#) said earlier this year that it's [aiming to sell 15 million](#) smartphones in 2013. But the company has now raised that goal to 20 million.

The new target has been set because of Xiaomi's cheapest phone, the Xiaomi Hongmi (meaning "red rice"), that [launches tomorrow for just \\$129](#).

Can Xiaomi reach 20 million smartphone sales in 2013, only its second full year [\[1\]](#) of production? Well, Xiaomi [sold 7.03 million](#) of its Android-based mobile phones in the first half of 2013. So it must be confident that the second half of the year will see nearly 13 million phones shipped, boosted by the new Xiaomi Hongmi, as well as by the inevitable annual refresh of its flagship phone, which will probably go on sale in September or October. The new goal seems plausible with all that new hardware, along with sales to Hong Kong and Taiwan as well.

With these new numbers, Xiaomi looks certain to out-sell [struggling Nokia](#) in China this year. Little wonder Canalys' newest figures show that Xiaomi is China's sixth biggest smartphone vendor, [one place ahead of Apple](#).

In related news, Xiaomi's Android skin, MIUI, which can be installed on a number of other Android phones and is also available in English, has reached a total of 20 million users. That's up [from 10 million](#) at the start of this year.

(Source: [Techweb](#) – article in Chinese)

[1] The [first Xiaomi phone](#) was revealed in August 2011, but didn't ship until October that year.  
>

*China Daily reported not less than 14 months ago that [Xiaomi, China's Apple success story?](#)*

### < **Xiaomi Corp's Lei Jun wants to emulate legendary US brand**

Will any Chinese mobile phone company replicate Apple Inc's tremendous success? The answer from Lei Jun, chairman and chief executive officer of Xiaomi Corp, may be a big "Yes".

Established in April 2010, the Beijing-based Xiaomi offers high-capability smartphones below 2,000 yuan (\$317), an aggressive pricing strategy that almost puts the selling price at its factory cost.

Since its debut on Aug 16 last year, the 1,999 yuan Mi-One, the first generation of Xiaomi mobile phones, has attracted great attention in China.

About 300,000 Xiaomi handsets were pre-ordered in the first 34 hours after Xiaomi accepted online booking from Sept 5, 2011. The company had to immediately suspend selling because stocks ran out. On Dec 18, Xiaomi resumed online sales but its stockpile of 100,000 handsets began to run out in just three hours.

In an exclusive interview with China Daily, Lei said he expected the company to sell more than 5 million Xiaomi handsets by the end of this year. Xiaomi's revenue is likely to exceed 10 billion yuan this year, he predicted.

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The **broader vision** of Xiaomi, Lei pointed out, is to ship more than **100 million** smartphones annually for one model by 2016.

"I know it (the vision) is crazy, but we would like to have a try," said Lei. **Cupertino-based Apple managed to sell more than 90 million iPhone devices last year.** It is widely believed that Apple will break the 100 million unit mark this year, although it has been less than five years since the first iPhone launched in 2007.

Obviously, Lei at Xiaomi dreams of a similar growth pace as Apple's. "If one electronic consumer product really catches on, it will spread at an extremely rapid pace, beyond what you could imagine," he said.

### Go with the trend

Lei, 43, is a serial entrepreneur and an iconic business leader in China's software and Internet industries. He became CEO of Kingsoft Corp, a leading Chinese software developer, at the age of 25. In 1999, he invested in the e-commerce company Joyo.com but sold the website to Amazon in 2004 for \$75 million.

Kingsoft went public on the Hong Kong Stock Exchange in 2007 and Lei retired. After leaving Kingsoft, Lei acted as an angel investor and made investments in a bunch of well-known Chinese Internet companies, including online clothing retailer Vancl.com and UCWeb, a Beijing-based mobile Internet browser manufacture.

**With considerable wealth accumulated from his early experiences, Lei enjoys financial freedom and has no need to work for a living.** However, he did not choose to lead a relaxing life but has thrown himself into the hard, competitive smartphone industry.

"Setting up Xiaomi was doing the right thing at the right time," Lei said.

During his retirement, Lei did some serious thinking. **The most important thing he learned was that if one individual wants to achieve really big success, he should always follow the trend, otherwise, his efforts will be in vain.**

"When I was at Kingsoft, I was under pressure and worked hard, but the results were not satisfactory. On the other hand, I discovered some Internet companies, such as Sina.com and Sohu.com, easily made fortunes and had a greater influence on society," Lei recalled.

"I really struggled then," Lei said. Gradually, he concluded that doing the right thing is much more important than doing the thing right. He used to tell a joke - a pig could fly if it finds itself in the eye of a storm. By this he means things get much easier if one jumps on the bandwagon of existing trends.

**Now the mobile Internet is the next big trend, and Lei is determined not to miss it.**

Mary Meeker, a former Morgan Stanley analyst, predicted as early as 2009 that more users would access the Internet via mobile devices than desktop personal computers within five years.

"Smartphones, e-book readers, connected in-car electronics and wireless home appliances like gaming consoles would sell more than 10 billion units by 2020. That's 10 times more devices than there are desktop PCs," said Meeker in a report published in 2009. She predicted that the

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mobile Internet revolution will produce a new crop of winners, whose ranks won't include today's giants.

That may probably create opportunities for Xiaomi. **Lei hopes his company will become a Fortune 500 consumer electronics company someday, competing with the likes of Apple and Samsung Electronics Co Ltd.**

China, a country with the world's biggest mobile population of more than 1 billion, has naturally become the birthplace of world-class smartphone companies because of its huge market.

**China overtook the United States to become the world's largest smartphone market by volume in the third quarter of last year**, according to the research firm Strategy Analytics. "China is now at the forefront of the worldwide mobile computing boom," said Neil Mawston, executive director at Strategy Analytics.

Lei expressed similar optimism about the Chinese smartphone market. Volumes are high now but the country still has even bigger potential, he said. "I expect two-thirds of Chinese people will be using smartphones by 2013," Lei said.

"We may go with the trend this time - the initial popularity of Xiaomi has proved that," Lei added.

### Why Xiaomi?

The overnight success of Xiaomi almost caught Lei off guard. Limiting the supply of Xiaomi handsets led to media accusations of "hungry marketing". It's a practice that seeks to work up a fever for a product that becomes contagious.

Although everything is still under control and is going forward step by step, Lei admitted Xiaomi moved much faster than he expected. "We had a four-year plan but we finished it in two years," he said.

The success of Xiaomi phones is down to three things, Lei added. First, **one-third of Xiaomi device-design ideas come from what users want**. Second, **Xiaomi sells handsets mainly through e-commerce websites, which cuts costs and helps lower the selling price**. The third reason may be the most important - **Xiaomi doesn't expect to make money from selling handsets but hopes to realize profits by providing software and related services**, Lei said.

Xiaomi drew ideas from the Internet, gaining a reputation through word-of-mouth and sold handsets using e-commerce channels.



**I expect two-thirds of Chinese people will be using smartphones by 2013. We may go with the trend this time – the initial popularity of Xiaomi has proved that.”**

LEI JUN  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF XIAOMI CORP

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Roger Sheng, a Shanghai-based analyst with Gartner Inc, said **one of the most important reasons why Xiaomi experienced success is because of the word-of-mouth effect promoted by millions of Xiaomi fans.**

"There is no other way to purchase Xiaomi handsets except through online channels, which resulted in more people rushing to join the line-up because they're afraid of failing to get one," Sheng said.

Xiaomi's targeted customers are hardcore mobile device users. Most of them are fanatical about mobile devices, tend to be opinion leaders and like to suggest to their friends what handsets to buy.

It is true that **Xiaomi paid attention to nurturing a close relationship with its customers.** In addition to making smartphones, the company launched a cartoon character, the rabbit Mi-Tu, made promotional mini movies and designed special souvenirs, such as T-shirts, to attract and retain users.

Lei named April 6, the day when Xiaomi was established, as the annual carnival for Xiaomi fans. During the first event this year, hundreds of fans, invited from across the country, gathered in a small hall in Beijing's 798 art district, and chatted as if they were old friends at a reunion.

Some followers have made special music videos and add-ons for Xiaomi smartphones. Others said they had collected almost all the mobile phone cases of different colors produced by Xiaomi. "Xiaomi is the only smartphone brand that really captures my heart," said Liu Cheng, a Xiaomi user.

The 1,999-yuan classic model, together with its 1,499-yuan [\$238] youth version smartphone, surprised the market at first, said Ji Chengdong, an analyst with research firm Frost & Sullivan. "Xiaomi became the first company to sell high-end smartphones at a relatively affordable price, which definitely drew the most market attention."

Shen Sui, an Internet analyst at consultancy firm iResearch, said: "Xiaomi has essentially imitated Apple's marketing strategy." Likewise, it aims to make a profit by combining the sales of hardware with its software, such as Miliiao.

"The phone is clearly targeted at people on lower incomes who want a smartphone but cannot afford those priced at 4,000 yuan [\$638] or more. This is a niche market that is largely ignored in the smartphone sector," Shen said.

### Going global

Xiaomi will start selling smartphones in the overseas market in the second half of this year, Lei said. **Rather than go to developed economies, such as the United States or Europe, Xiaomi has a more practical strategy - entering emerging markets.**

It still needs time for customers in developed economies to recognize and accept a Chinese brand, Lei pointed out.

**Countries such as Russia, India and Brazil may become the first destination markets for Xiaomi.** "Because Xiaomi is a unique mobile phone vendor that has largely built its reputation through



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the Internet, we need to select markets with a good e-commerce environment and a well-established social network," Lei added.

"Similarly, **Xiaomi will form a fans' group in every country in which we plan to have a presence**," Lei said.

The MIUI, Xiaomi's mobile operating system based on Android, has already attracted millions of followers in 23 countries, which laid the foundation for Xiaomi's globalization.

C.K. Lu, a senior mobile device research analyst at Gartner Inc, said Xiaomi has an opportunity to penetrate markets especially in Asia, where users tend to be more cost-conscious. "But a lack of patents can be an issue for it (Xiaomi) when leaving its home market," Lu wrote in an e-mail.

Cultural challenges, limited experience in international operations and a shortage of talent are likely to be major obstacles to achieving the desired result, said Duncan Clark, chairman of investment consultancy BDA China.

**Xiaomi raised about \$90 million in the latest round of funding on Oct 20.** The investors included **Temasek Holdings, International Data Group** and **Qualcomm Inc.** Xiaomi's total fundraising amounts to \$131 million.

Lei said **Xiaomi would not go public in the next five years.** "If we have an IPO, we may be distracted from delivering good products," he said.

**Lei said he had received no salary from the company,** even though he is its CEO.

"I just hope Xiaomi will fulfill my dreams and become a world-class company. Working for Xiaomi is the last job of my lifetime." >

*Three month ago the Computerworld article reported that [Xiaomi takes crowdsourced phone development model abroad](#):*

**< Xiaomi has begun selling phones outside of China base; expands to Hong Kong and Taiwan**

Taiwan and Hong Kong may be only the beginning of Xiaomi's expansion outside China. The popular Chinese vendor of low-priced handsets is aiming at getting into five more markets next year.

"**This year, we will only do Hong Kong and Taiwan**," said CEO Lei Jun on Wednesday. "At the same time, **we will also look at next year possibly doing five other markets.** This year we will look at which five markets will be the easiest to do."

Xiaomi may not be a major name outside of China, but the company has built one of the hottest smartphone brands in the country. Crowds of fans congregate for its [product launches](#) and pre-orders for the devices run into the hundreds of thousands. **Last year, Xiaomi sold 7 million handsets,** and this year it hopes to double sales to 15 million.

The company has thrived by selling low-priced handsets built with higher-end specs. One of its latest smartphones, the Xiaomi 2S, features a quad-core Qualcomm processor and a 4.3-inch HD screen, at a starting price of \$322 without a contract.

But **the secret of Xiaomi's success has more to do with tapping into its "hardcore fans" to generate word-of-mouth marketing,** Lei said while speaking to journalists at the [Global Mobile](#)

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[Internet Conference](#) in Beijing. Xiaomi phones are loaded with a company-tweaked version of Android called MIUI. Every week, it releases a new version of MIUI, built with online customer input from a million of its users.

"When Apple develops its iOS 7, you have no idea what they will do with it before the release. It's not like that for us. We will first ask what you want," he said. "I feel **Xiaomi's most important secret to success is that Xiaomi is not selling a product, but an opportunity to participate.**"

**One example is the voice recording app on Xiaomi phones, which Lei said a group of Chinese journalists helped contribute to.** Following the feedback, changes were made to the app so that it will continue to record even when incoming calls come through. In addition, the phone will turn to silent mode when the app is recording.

"If you invent a feature and I help you complete it, won't you go tell all your classmates, co-workers and friends that you made this feature?" he said. "Once you participate in Xiaomi, you will like it."

**The company's business model gives Lei confidence that Xiaomi can succeed in Taiwan, where its phones are being released this month.** Xiaomi intends to cultivate its own fan base in Taiwan, and within one or two years the company can become a strong vendor on the island, he added.

"Taiwan has some people that don't believe we can sell our phones. But I said if I just sell one phone I will succeed. If one person uses it, then he will participate, and then his friends will too," he said. "**Every user becomes your R&D, every user becomes your sales, every user becomes your friend, that's the company we want to make.**"

Xiaomi, however, is still considered a small-scale handset vendor in its own home country, and largely relies on online sales to sell most of its smartphones. **In 2012, the company had less than a 3 percent market share**, according to research firm IDC. But demand for Xiaomi phones remains high. In recent weeks, the company, which gets **its phones made by contract manufacturers like Foxconn**, has been fulfilling 200,000 to 300,000 orders for its latest Xiaomi handsets, but still about 2 million customers are waiting online to buy them.

The fervor for Xiaomi products has often been compared to Apple's popularity. But Lei insisted that the company was following its own path.

"**We are very different from Apple and Samsung,**" he said. "**So please don't describe us as an Apple copycat. We are not.**" >

*So far the pilot for international expansion is going well, and even [Xiaomi takes aim at quicker delivery times](#) [The China Post, Aug 2, 2013]:*

< Chinese smartphone maker Xiaomi Corp (小米) will try to improve its logistics operation and shorten merchandise delivery time from four days to within 24 hours, said the company's president Bin Lin (林斌) yesterday. ... According to Far Eastone Telecommunications, **Xiaomi 2S has been ranked No. 3 on its best-seller list for two consecutive months.** Xiaomi may consider increasing its production capacity to meet new orders. Samsung's **Galaxy S4** and **HTC One** were ranked **No. 1 and No. 2** on the list, Far Eastone said. ... >

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**Lei Jun: Xiaomi's Annual Revenues to Reach 100 billion yuan [US\$ 16.3B] in 2-3 Years**  
[TechNode, Aug 14, 2013]

< Lei Jun [雷军], CEO of Xiaomi, talked about the newly launched low-cost Xiaomi phone and the company's strategy in general at [2013 China Internet Conference](#) today. He expects Xiaomi's annual revenues to reach 100 billion yuan (\$16 bn) in 2015, no later than 2016.

## Low-cost Smartphone

Red Mi (not official translation), [released in last month](#), is at a price less than half of that for its flagship model. Mr. Lei and his team came up with the idea of making a 1000-yuan smartphone, about half of the price of its flagship model, in July last year as they found the products by their suppliers in mainland China and Taiwan were much improved.

Three years ago, Xiaomi started off trying to offer Chinese mid-price Android smartphones with the best possible configuration. Last year the 1000-yuan smartphone became a hot topic in China, for prices of electronic components was much lowered. Local manufacturers such as Huawei and ZTE have launched a lot of low-cost Android smartphones since then.

## Software Ecosystem

**Xiaomi started building software ecosystem from last September**, according to Lei. **Now every service for providing content, from digital music, books and videos, to mobile browser is in place.**

MIUI has more than 20 million users and has been monetizing services there. It's obvious now that Xiaomi's strategy is to sell as many devices as possible and have even more users to adopt its Android ROM MIUI where all kinds of apps and content are for them to consume.

## MiTalk

MiTalk, the mobile messaging app by Xiaomi, was launched earlier than WeChat. Lei believes MiTalk is the No. 2 in terms of users in the market although there's a big gap from the market leader. He declined to disclose the exact number of MiTalk users but said that was bigger



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than the media speculated. He seems satisfied with the fact that MiTalk survived as the No. 1 competitor is so strong.

Xiaomi knew Tencent would tap into the mobile voice messaging market. Lei said they thought the success rate would be 50% if Tencent acted half a year later, or 100% if Tencent didn't move after a year. But **only after two to three months Tencent launched WeChat.**

### Other Gadgets

**It is rumored that Xiaomi will launch Smart TV and tablet soon.** When asked about it, **Lei said that Xiaomi had been experimenting with a variety of products, but it doesn't mean Xiaomi would launch all of them.** >

### More information:

- Section 1. **小米 Xiaomi** in [Xiaomi, OPPO and Meizu—top Chinese brands of smartphone innovation](#) [‘Experiencing the Cloud’, Aug 1, 2013]
- [UPDATE Aug'13: Xiaomi \\$130 Hongmi superphone END MediaTek MT6589 quad-core Cortex-A7 SoC with HSPA+ and TD-SCDMA is available for Android smartphones and tablets of Q1 delivery](#) [‘Experiencing the Cloud’, Dec 12, 2012; **Aug 1, 2013**]
- Section 5. **Xiaomi to take Apple place** in [China is the epicenter of the mobile Internet world, so of the next-gen HTML5 web](#) [‘Experiencing the Cloud’, Aug 5, 2013]
- [Domestic Phone Maker Xiaomi Raises US\\$ 216 mln](#) [Caixin Online, June 27, 2012]: “Xiaomi Mobile Internet Co. has raised US\$ 216 million, its CEO says, adding that the upstart smartphone maker is worth US\$ 4 billion. Lei Jun also said on June 26 that his Beijing-based firm had no plans to go public in the next five years. Lei did not say who provided the capital. However, Caixin learned that the funds came from a current stakeholder, Singapore's sovereign wealth fund, the **Government of Singapore Investment Corp.**; Yuri Milner, founder of the Russian investment fund **Digital Sky Technologies**; and **Lei's friends.**”
- [Tencent Invests \\$300m in DST and Establishes Strategic Partnership](#) [joint press release, April 12, 2010]: “... gives Tencent approximately a 10.26% economic interest in DST upon completion of the transaction. Tencent will hold approximately 0.51% of the total voting power of DST and have the right to nominate one observer to the DST Board.”
- [Yuri Milner – Forbes](#) [May 9, 2013]: “Net Worth \$1.1B as of March 2013 ... Yuri Milner broke onto the Billionaires List—and the cover of FORBES—in 2011 thanks to some timely investments in social media companies. Today, despite dropping a few places, he remains on the Midas List for those same investments, among them DST's \$200 million investment in **Facebook** in 2009 (up five-fold after the company's 2012 IPO). Other investments include stakes in **Twitter** and **Zynga** as well as growing Chinese online retailers **360buy.com** and **Alibaba**. Milner made a splash when he promised to invest with Ron Conway in every startup that comes out of Silicon Valley incubator Y Combinator. **DST has been quiet of late, but is raising capital for its third fund, DST Global III, about which Milner remained mum.** A trained particle physicist, he gave \$3 million prizes to nine theoretical physicists and later announced two "special" \$3 million prizes: one to Stephen Hawking and one split between a number of people who played important roles in this year's Higgs Boson discovery at CERN.



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Milner, along with Sergey Brin and Mark Zuckerberg, is also a backer of the Breakthrough Prize, which aims to reward researchers and doctors who make discoveries in the life sciences.”

- [Apple, Watch Out: Xiaomi Has Overtaken You In China](#) [Forbes, Aug 12, 2013]: “Apple ... lacks cross-promotional partnerships in China while **competitors are linking up with social sites, a craze in Chinese phone marketing at the moment.** **Xiaomi**, for instance, **has a deal to sell the Hongmi on QZone, Tencent’s social network.** **With 712 million registered users**, it is **China’s largest social site.** There are, of course, risks for phone makers when they partner up. For instance, Xiaomi will be shut out of QZone’s rival, Sina Weibo, the popular Twitter-like service.”
- [Rumor: Tencent Invests \[\\$2B\] in Xiaomi via Russian VC DST](#) [Marbridge Daily, July 23, 2013]

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## Supplement



FULL REPORT IN CHINESE: 雷军：小米后年收入或千亿 红米反击暴利说 OR 雷军:小米后年收入或达千亿 LEI JUN: XIAOMI AFTER THE ANNUAL INCOME OR 100 BILLION [新浪科技 SINA TECHNOLOGY, AUG 14, 2013] AS TRANSLATED BY GOOGLE

<Sina Technology News on August 14 noon, Millet, Chairman and CEO Lei Jun attending today's Internet Conference, and around the millet and industry-related topics for a detailed interpretation. Lei Jun millet expected fastest in 2015 will reach 100 billion yuan annual income, and he admitted after a counter-attack red rice phone profiteering accusations imply.

### Red rice

Red rice millet phone launch of the first sub-brand, and also the recent red rice phones into the market price of 799 yuan. Speaking two brand differentiation positioning, Lei Jun said millet for the enthusiast, and red rice for the mass users. He does not deny that there may be pulled millet red rice brand, but stressed that as long as the red rice is a good product, we will be able to enhance the role of millet brand.

In addition to the occupation of market segmentation strategy, the LEI has admitted red rice introduction of mobile phones, also subject to external stimuli. Last year in April-July period, sustained peer accused millet phone "profiteering." This time the red rice introduction of mobile phones, has also been seen as a response to Lei Jun: "Anyway, I finished 799, If anyone can do it, I would be very impressed."

### Wearable devices

In addition to Red Rice meters, the outside world has been on preparing for the launch of various new products millet speculation. For the outside world rumors, LEI uses a neither admitted nor denied attitude, he said, to give up a lot of attempts over the past millet, millet are still a lot of ideas in the laboratory, but these attempts will not necessarily become the final product release.

Turning to the current popular wearable device, Lei Jun said he tried smart wristbands over 10, Google glasses tried. But these did not arouse LEI desire to buy, he believes the current wearable device industry chain is not mature, how to continue to chip miniaturization, how to reduce the power consumption is still to be solved, "real business but also in time."

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## One hundred billion revenue

"Focus is a very easy thing, we have to restrain greed, do one thing, do not do the second thing," said Lei Jun, and millet products are still the core of this stage is the mobile phone. Lei Jun noted that the current architecture of smart phones has stabilized, the next major development direction of the sensor, and links to other aspects of the relevant parties.

Lei Jun millet emphasize the most important innovation is the software + hardware + Internet triathlon mode. "Our priority is to put the model run smoothly," said Lei Jun internal efficiency of this system has been well documented, but for the outside world but also in terms of two to three years of this system demonstrate the true capabilities.

This year set a goal of millet phone sales 15 million units, revenue reached 28 billion yuan. Lei Jun said this outlook, next year on revenue of \$ fifty-six ten billion millet, the fastest year after (2015) will reach 100 billion Dollar of revenue.

## Mi [米] talking about no regrets

The millet system, the meter is considered to chat with a relatively weak link. However LEI different views and the outside world, he recalled had to do m talking had had envisaged react after one year if Tencent, m talking of winning is 50%, if there are two or three months Tencent reaction m chat should be 100 percent will die.

Lei Jun that bet m chat, if successful, will be a billion dollar business. But then soon launch Tencent micro-letters, so LEI present view is that rice was chat survive beyond expectations. LEI chat described as the rice to survive in Tencent gunfire "little strong", he said he would not talk to m frustrated.

## Change the world

When talking about the comparison of Chinese and American entrepreneurs when compared with LEI revealed after he and Elon Musk (Tesla, SolarCity, SpaceX founder) exchanges asked three questions: 1.Tesla tram crash how to do in case of 2 to Mars The biggest difficulty 3 What is your next step? LEI remember Elon Musk replied want to transform the aircraft industry the next step.

The answer is the difference reflected. "Someone asked me if I wanted to change the world, if I want to talk about changing the world, I am sure that I loaded", Lei Jun bluntly: "I simply do not believe the current Chinese entrepreneurs can change the world." But ten years later China Lei Jun also hope that entrepreneurs can have world-changing ideas emerge. (Shu Shi)

## The following is the dialogue Record:

**Lee Min:** Good morning! Thank you very much for giving me this Internet Conference rare opportunity to do some dialogue with General Ray. This aspect is particularly important aspect, we also hope to hear from Ray always there on millet, smart phones and the Internet on some in-depth view. Ray always you know tiger sniffed net?

**Lei Jun:** mainly because I had to know you, you're doing a very successful Internet industry, organized a very successful even after the tiger sniffed.

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**Lee Min:** Today we Assembly a keyword called "ecological." So, in fact, I always wanted to mine the dialogue mainly from the three levels, the first level is the ecological millet, millet later want to create a kind of ecology? The second level would like to hear Ray always intelligent machine industry in China's view the entire ecosystem? Third, the Chinese Internet is now in a kind of ecological? May our main center or on the body of millet, the first to congratulate Ray always one day before you are issued a new phone called "red rice", said the creation of a global business is very bright one record at 1 minute 30 seconds End of instantly grab 100,000 units, so first of all congratulate Ray always. The \$ 799 price is the same as a knife inserted in the hearts of Chinese children intelligent machine industry, the full practice of millet and Lei Jun said the product must be done to achieve the ultimate. I think it may now some opponents have some bitterly millet views. So, the first question to ask is always mine, when you decided to launch red rice, when one of your logic or an idea of what kind? You expect the price of 799 yuan in the market reaches a top what purpose?

**Lei Jun:** Thank the organizers give us a chance, I did not want to help millet advertise here, you asked these questions so that we may be misunderstood, but thanks to the host, but also to thank the organizers for giving me such an opportunity to chat with you my Why do red rice it? Is my own is a mobile enthusiast, I have done, it is the face of millet a person like me to do, what I like very high performance, and some cool features very dizzy, so we do it emphasizes high millet performance and high cost performance. So, in every generation we are millet released when that point in time the world's fastest mobile phone. Although millet only had two generations of products, basically every generation is the fastest on the market to buy.



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In July last year, when I saw the country, including Taiwan suppliers provide product performance is getting better, getting closer to international standards. I was just thinking, we have the opportunity to do a very good thousand machines, we have such thoughts. At that time we were a bit unsure which brand is better. In fact, do phone, I will give you what science, if we decide to do, we will use the new products may be released next year, such a risk you do not know the brand is good, anyway, you can only believe character. So, in July last year, when we selected two brands while doing, the primary election of the brand is a dual-core Tegra, we additionally selected the MTK MT6589T as an alternative. After we finished the first paragraph, I used the feel not good enough, they say we want to believe that I can optimize, you can change the better. Of course, after four consecutive months, they said we really changed no more. But we all know that time I have ordered 400,000 units of the goods, because the phone needs to be agreed in advance. I particularly painful, I told all of us talk for a few days, we agreed to H1 (transliteration) This project was canceled, then the alternative H2, is today's red rice, was facing the biggest problem is the 40 million units in H1 machine how to do? Of course, this loss is very large. The H1 upgraded to red rice, they do a third version, I spent a few days, this phone is much more than I imagined, and later upgrade to this phone called strategic product, and then we deployed a huge number of people to join the the project team, the rapid expansion, of course, result in a very painful problem today is that this month the number of overall production capacity is not particularly large. We have just a couple of months ago after the upgrade has been rapidly adjust product.

Another point of criticism that everyone is hungry millet marketing, I think this is wrong, in fact, the first half we basically have opened purchased. The red rice shortage, I think the main problem is the first one we had on this product is not such a high position, the entire order quantity is insufficient. This product far beyond the second everyone's expectations, in turn, lead to the difficulty of increasing supply. It is with you to explain.

So, do the red rice to change my point of view of ordinary people on the thousand machines, that is, the low-end machines view, because such a machine is equivalent to the level of last year's flagship, its screen is 4.7 inches, is Taiwan's AU Optronics, AUO is [Apple](#) supplier. Camera quality is also very good, so we may (before), like me, think thousand machines can not be used, but this is not the same, the first power is no problem. (If) I have any questions to ask, I say small 1G memory, I rarely use the phone 1G memory, but also how you 799, 799 do this already amazing. Therefore, the depth of the fans, I think red rice or slightly less, but for the general public is concerned, this product far exceeded expectations.

**Lee Min:** I understand your logic is millet established two years ago, when in fact is a cost-effective route to go, then to the beginning of last year, when you find that you want to continue to follow the high cost of the line, you have to put this to one thousand Dan depth per machine down the road, so as not to give the opponent go backward, but also do not give yourself go backward, in fact, such a defensive style of play.

**Lei Jun:** I think our main business is certainly brand millet, millet brands will continue to adhere to the forefront of global suppliers with the best things, adhere to high-performance and cost-effective, no matter how big enthusiast crowd, I think I should first make millet brand

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well. Second, do the red rice, we adhere to high experience and cost you enough, can be used, we emphasize the high experience.

Red rice is mainly exposed to the public users of the brand, so when we designed this phone with millet design philosophy difference is big. Millet was doing when our internal joked, we choose suppliers only expensive, do not buy, basically choose the world's best. Do this phone, I told them, no matter how you choose, you choose something (price) are not the same, (consumers) felt. There are a lot of disclosure that the phone does not seem to fit the whole, this full fit most immediate benefit is shut down when the screen is all black, the touch screen and the real screen connected together.

That's two brand differentiation positioning.

**Lee Min:** Deciding thousand machines when those who have been subjected to the stimulation of the opponent, like last May have to do some of your opponents clamor thousand machines, you are not subject to this some excitement?

**Lei Jun:** I think it does have, I think with the April to July last year, some colleagues say that our phone profits, because the phone uses the world-class supplier of the device with the device using domestic gap is very large, so I want to use the domestic first-line Taiwan's first-tier suppliers and make a product out of things. What I do is 799, who has the ability to press if the size of millet and suppliers to do that kind of quality, can do 799 I admire, I believe 799 early last year by the individual peers vilified.

**Lee Min:** You will not scruple to right millet brands, including its mainstream users some damage, including in the latter part of the above marketing, how to avoid some of the risks so?

**Lei Jun:** This is the red rice was released, a lot of peers, critics, analysts concern. In fact, my idea is very simple, as long as a product is good, there will be a brand, there will be reputation. This is not a good product, anyway, it is the last version of this product P3 out, I felt far beyond my own expectations. So, as long as the product is bound to have a good brand, in fact, is the most important Internet companies products. We may think that the millet brand low, maybe they speak all came right, but I think the reason is very simple, red rice is a good product, it is possible to enhance the Millet brand, if it is not, it must engage the brand smashed.

**Lee Min:** You talked with the outside world does not seem to red meters overall idea, so we just red rice dialogue can stop here. I am going to want to discuss another problem is the millet ecological problems, because we know that we are now almost the entire millet phone shipments should have 15 million?

**Lei Jun:** one thousand sixty-seven million.

**Lee Min:** m is 20 million a chat. These are twelve millions of such number of products, total mine some of the early founders say millet ideas when it comes to some of the play is also specialized (often said Lei Jun millet is the hardware, software and Internet Triathlon Sina Technology Note), I would like to ask Ray always, was founded three years millet, millet mobile phone development to the present, do you think now is not to a new stage, followed by a stage, you think (Iron Man) three of the above is how consciousness to consider? Millet is on the entire ecosystem of the big idea ideas?

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**Lei Jun:** millet started last September ecosystem, with content related to the entrances have been very sound, like a theme markets, music, videos, books, browser, these modules we all have it. And we in every ecological chain-related areas which are in the forefront of the market, millet sell a thousand sixty-seven one million mobile phones, but we see each of you apply the background when the millet are Apple and Samsung After the biggest mobile phone. This is because the performance was full of millet to sell mobile phones, Internet activity is particularly high. Therefore, we publish the reports inside, millet are in third place. Therefore, it may be sold with others forty-five ten million mobile Internet rate far ahead compared to millet.

Future applications market, game centers, in various applications, we are also in the top five markets. To the proper time we will announce our contribution to the developer how much revenue, many developers have chosen millet phone.

**Lee Min:** The next stage consists of m chat, IM, etc. What strategy will you?

**Lei Jun:** I think millet kicked day board encountered the strongest competitor, I want to communicate in the social sphere inside, m chat in the current second place, the actual figure than we imagine pretty much, of course, Compared with peers, because the difference is relatively large, and I am sorry to say. However, as can be in two or three years to survive in this market, and is still growing, and I think this result is very positive. In the mobile Internet to do IM, just started doing it, for a while the server this Rom, Rom that is a very complex one. I think m chat do today, it is still today continue to grow.

**Lee Min:** In the three outside, there will be new software such as what are you trying to do?

**Lei Jun:** I think we now concentrate on several of our existing products have been quite easy to do. I have been talking about focus, I think focus is a very easy thing to fight it, because everyone wants a lot of things. Anyway, when we discussed internally every day to exercise restraint in discussing them, we talk about the heart, can do less things, if can do a thing, never do the second thing. So, millet grown in the past few years but in fact give up a lot today, we are very concerned about the millet phone, MIUI, but we also focus on doing m chat, which several businesses have been very easy to do.

**Lee Min:** Currently fourth paragraph do you compare the core product do?

**Lei Jun:** We have a lot in laboratory experiments, but in the end I can not say will not be published some time ago there is always a variety of rumors, I do not rumor. Some of us in the trial, there are various rumors, but millet is a very aggressive company is also very restrained.

**Lee Min:** For example, what kind of ballast carbazole you think?

**Lei Jun:** We do red rice, is also doing two generations of machines, we have preferred one of the best. So, we may see that this is a thousand machines, nothing, in fact, we do more than a year, made a two machines, spent a lot of money. We make a product look very ordinary, effort spent much bigger than imagined. This is why the same parameters of mobile phones, millet brands and red rice brands do better than others.

**Lee Min:** Thank you, you will not push through acquisitions MIUI development, such as the acquisition of application-driven brush MIUI?

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**Lei Jun:** millet rumors about a particularly large number, we used generally do not respond because later need to respond to every rumor. However, there is little millet are very willing and very good team together, even combined, we are very open, in the course of three years, our growth has also merged several companies, and is currently showing the integration is also very good. Because in such a market, which today, pushing to conquer the world is another play, a company like ours, in order to break through, in order to compete in this market extremely kill them, you may need to have BaoTuan conquer idea.

**Lee Min:** can we talk about something too close, mine are not always pass rumors, not rumor. We look ahead to the future, we talk about the ecological millet, millet next three years you expect ecosystem, it's a frame of reference, for example, you can give us cite a millet ecosystem of the next three years it will be a like its income share, or your profit structure? Some frameworks of ideas, such as millet according to Apple's direction, or to [the Amazon](#) 's direction, do not rely on hardware to make money, but a large number of shipments, by content, by the application of income other media to make money? Ray always we look ahead to the future so that some of the framework millet idea of ecological above.

**Lei Jun:** millet phone on the entire ecosystem is very concerned about, not just the business model of the decision, the first decision is the user experience. In today's Android phone, you use any Android phone you will find very expensive electricity, we often pointing to mobile phone manufacturers, the battery is not big enough, we had to do 2000 mA, is not big enough to do enough to make 3000 2500,2500. We all know that the iPhone battery is actually very small, iPhone5 battery is about 1400 mA, the problem lies in what place? The problem lies in Android is an open system, IOS is a very strict control system. So, at this point, because IOS is very strict, relatively healthy the entire ecosystem, Android is more open, there are some comrades often trouble, such as permanent background to start, while the screen floating window pops up, plus stealing traffic, Incidentally shells advertising. I believe you have this phone more or less characteristic. So, I was doing the ecosystem, I can say that our system a little quieter, can not stop crying, used millet phone should know that, in fact, does not have any of these systems of millet a pop and notifications.

In fact, there is a reason that the entire Internet industry under pressure from investors, or in a variety of pressures, engage in some fake numbers, what KPI Fake it? Said daily active, had not started to pop up the pop-up, because a more active resident there, so these things without considering the user experience. Most people do apply, too, brought directly resident on the phone a few questions, the first question is the power, and the second accounting position, the third flow of consumption, is totally unnecessary. I think this is an unhealthy ecosystem. How to let everyone return to healthy ecosystem it? Because only one to do this, we will follow, get the whole system a mess. So, at this point, I'm thinking of millet ecology, I hope millet is Android's open ecosystem ecology of large areas inside, is a relatively constrained, relatively quiet, a good user experience ecology.

**Lee Min:** You mentioned that the entire ecology of some of the ideas of intelligent machines, or want to contribute. However, I have to ask your question is to say, the future is your main



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revenue and profits come from the hardware, or do you want to follow some of the other regardless of the application, or content to this area?

**Lei Jun:** In fact, consumers are not interested in this thing, consumers are most concerned about is the first, can provide high-quality hardware. Second, the use of this hardware after the experience how to? I think that consumers are most concerned about. So, when it comes to the ecosystem, I think the most important thing is that I just talked about some of the eco-system constraints and future direction of development. In fact, the Android ecosystem, I think everyone's plagued with a lot.

**Lee Min:** Ray always mean that anyway, first with the cleanest and most healthy way some of the experience, the user leash, how to make money not speak up.

**Lei Jun:** how to make money is not to say do not say, in fact, we had the time to do business on the Internet to learn Google practice, the first called all user and all else will follow. This question is very important, in fact, as long as you do really put the user experience, the product is really good, I really think that is an avalanche of other stuff. Why do I always say, the most important point of millet, millet in the market today because of shouting, we will find a new media marketing really powerful, first of all thank you for our marketing department and new media department affirmed. However, today I told you about a point of view, from the founding date, our entire marketing number and scale of today are not a few, we really view is the best product is the marketing. Therefore, the vast majority of people inside the company are in the product and service sectors. Mr. Lee said that there are a lot of big names to join, we will add 4,5 millet whole person, in fact, few in number, they are also very clear course of millet, so in order to do a good job.

**Lee Min:** We next explore a now everyone is saying about wearable. I remember two years ago, we could not say that the mobile Internet had never been seen are embarrassed to say that they are internet people. Now it seems not that wearable, are embarrassed to say that they are mobile internet people. Ray always such a sensitive person, and certainly in the observation, or pondering. You can wear what you used? You tried the product? Lei Jun: tried many, light hand panel tried 10 or more, Google's products I tried, anyway, and I imagine the same. I'm very curious useless before, I carefully pondering, I still worry about its practical experience, I run, I do not want to buy themselves. Wearable devices need to tie together the whole industry chain, to solve the problem is quite complex. A problem to be solved is the battery power of the problem is that if this thing a couple of hours you need to turn the charge can not, like Bluetooth, often charge that power problems. Also how the chip is small enough to do this thing, more comfortable on the wrist watch. So, today, the biggest challenge is wearable whole industry chain has not really matured. For example, this chip, large-scale use may be true in time.

**Lee Min:** millet observation phase now?

**Lei Jun:** We do not believe rumors, do not rumor.

**Lee Min:** For the smart phone industry, you are now is how a judge it? Because some people say, I do have some foreign observers say that the whole intelligent machines now an innovative bottleneck, because since last year, including the iPhone5, including this year after

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the release of Samsung's matchless S4, did not seem particularly amazing feeling, and some said to be the bottleneck in the innovation above. Some people say that smart phones is still in an infancy, he said it might in the future be carried out with a certain degree of wearable devices connected to your overall judgment on what is this? Do you think the next stage of innovation is what? In the global scope, and you are under a competitive point of competition where?

**Lei Jun:** My views on smart phones, smart phones especially like a computer, if the smartphone embodies structure, and today has come to an end, it is the touch screen, CPU, GPU these things, basically come to an end. Such as smart phones, its large structure has now been stabilized, the following various methods of innovation mainly with the sensor, with the connectivity of each device, as well as with O2O connectivity services, connectivity with the social relationships I guess everyone's innovation may be in these fields. Of course, we also look at some cutting-edge technological breakthroughs, such as battery technology, such as display technology. In fact, the world's most cutting-edge technology, we are doing a very wide variety of interesting attempt. However, it is from the real production there is a certain distance.

**Lee Min:** I believe two years after the millet they might grow into tens of billions of dollars in market value of the company, in what areas do you think millet innovation to bear the responsibility? Or say you intend to do so in which aspects of innovation, including some connection you just said, O2O, such things, in what areas are you going to break?

**Lei Jun:** I think the most important innovations of millet was "triathlon" is we put the software, hardware, the Internet all dissolved as a subject, I think, "Ironman" to date have not fully show everyone out may also need two years. Two years later we remember our past five years of work, may feel that this model is very effective. Therefore, the most urgent task today is to run this model is completely smooth, so this point is very important.

**Lee Min:** Do you think millet just ran a prototype, you say what is meant is not smooth?  
**Lei Jun:** I think for us Internally it has been well documented, and with foreign countries, we may still find it unclear. There is a great possibility that we do fifty-six ten billion a year, there is not a small possibility that fast, then the year after, the year after the big slow, then over one hundred billion. Perhaps truly one hundred billion yuan, we truly understand the millet this set of business model innovation is the place where?

**Lee Min:** you have seen in 2015, 2016 millet what it was like?

**Lei Jun:** I think faster then the year after, the slowest big year after, I think it will be over one hundred billion of millet.

**Lee Min:** you give us a description of how the composition of this one hundred billion?

**Lei Jun:** We strive to make the product so that we can scream, so long as this done, the other is another. We want to really very simple, I sometimes feel that we entrepreneurs think too much, you really do everything, you really understand that concern, consistent, word of mouth, you'll understand what I just said, that is really very simple thing is do your best, very focused to make your product, you will be able to succeed.

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**Lee Min:** Ray always useful experience in this regard, I also saw some domestic brand of intelligent machines, try to turn their brand, in fact, is already very large shipments, and are based on the higher end of this brand shaping the direction, but some companies are actually quite difficult, and you do not want to give us a free proposal or how to watch them so painful?

**Lei Jun:** Huawei, ZTE, Lenovo's business inside our national leader, they are very great, but also I have always admired the objects they were impressed by the country and even the world made a very great performance for our Chinese fight the light, and I from the heart to say, they are respected. I also appreciate that they put their phones to high-end brands in the onrush, is shaping a more high-end brands, I also see that they made such an effort victories, their phones are also selling very well. However, there is not the same thing I told them, I might care more about the phone instrumental, enthusiasts may have a relationship with me is, I will phone more understanding into more like a computer, of course, it has a stylish, decorative, So I told them was different genres, their pursuit of the things I quite support, very understandable. However, if I pursue something we do not understand. So, I was thinking that maybe we is not a genre.

**Lee Min:** But you successfully build out millet this brand, from the perspective of the brand to them about coaching.

**Lei Jun:** I do not build a brand millet, I was very careful to do two millet phone, a red rice phone, if you think there is to do the wrong place, I am willing to admit that is not the ability, but not definitely not my attitude We really are very serious about doing a product. If you must make a suggestion, I would suggest they put 99.99% of the energy spent on the product.

**Lee Min:** Do they now do not you?

**Lei Jun:** I do not know, because I have not done in China Cool Union, I knew I was doing 99.99% of the energy in the product.

**Lee Min:** But very cruel is that you must enter the channel, can not enter the channel can not earn money, so I think this may be linked to Chinese cool is a reality, do you think this situation is reasonable?

**Lei Jun:** millet also and the three operators, we cooperate with China Unicom was first, and later with Telecom. Might come back, we do each product companies may still pay more attention to its own brand, in fact, change the environment that good or bad worth mentioning, it is after all our real environment. I think we strive to make their products, you will be able to better serve our partners and consumers, so that the entire society can progress. More likely to promote our society is a little less mutual accusations and complaints, more of each person's own things done.

**Lee Min:** Your point of view is for the channel in there, and I can not consider it to focus on their own products.

**Lei Jun:** I think first of all have to make their products.

**Lee Min:** This is more than a year, you feel more tense your opponents do?

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**Lei Jun:** I say this may be a bit presumptuous, I really do not have much rivals, mainly because I have to focus on their own products I feel good enough, so I see less, or less take into consideration, I have more energy is to consider how to make my product, really this is the first idea. The second idea is actually very open millet, in my office I received each company executives visit, I welcome them, they often come to us to sit. I feel that the whole of China, the industry, our products from the world level also has a gap. So, how can we reduce this gap, together to complete this beyond, I think this is more important things.

**Lee Min:** Thank you, Ray always, millet besides being a smart phone company or a mobile Internet company, you are right now the whole trend of mobile Internet is how the view? In fact, the industry has a lot of acquisitions, primarily the acquisition of several giant, mergers, and now for mobile Internet entrepreneurs, one of their living space, or that there may be an entry point where, in what part of the above? You yourself have to do some financing, contact the entrepreneur will be more, please make some suggestions. They feel that the mobile Internet will soon be turned into giant monopolies such a situation the traditional Internet, you heard a saying then, give them to mention what kind of advice?

**Lei Jun:** I think the mobile Internet is just beginning, this industry in ten years if the length of view, it is to do a couple of years, I think the future there will be many opportunities. We reviewed ten years of Internet development, the initial three major portals, and later emerged a grand giant, the subsequent emergence of the Big Three, I think it has the opportunity. In fact, the mobile Internet is still a constant innovation in the industry, we are confident in the future, this is the first one I mentioned proposal.

Second, at the tactical level, I think in the ecological chain giants inside to find their own position, how to use their resources to grow. For example, Taobao is good, you can want to see another one like Taobao Taobao I think competition might as well put a Taobao shop to create internal industry first, may be more opportunities. So, my second suggestion is in the ecological chain giant, in fact you can find living space.

Third, you have to look at what is inside the giant, to study what opportunities, what point is that they ignore, or they can not. In fact, still find many such opportunities. We should recall may YY Tencent above, but YY also developed into a large company. If you hit a home iron on, blame bad luck. Therefore, the entrepreneur entrepreneurship depends on astrology, take a look at the space inside the opportunity, I think the main reason is that the three.

**Lee Min:** Can you cite point example, your view of astrology see possible opportunities?

**Lei Jun:** I saw the first opportunity is m chat, internal discussions when we actually quite clear, Tencent react within a year, 50% of our victory, if Tencent did not react within a year, we are one hundred percent victory. However, they used two or three months to react, but we is not dead, so I give this team 100 points. So, we just started is counted accurately, and you can find a trace in my face the frustration you lose? So, we want to emphasize is that very clearly, m chat is on the iron plate business, how great the risk only how much return. Theoretically three months to clash with Tencent, you can survive, can be considered "little strong" it. So, sometimes I think, when we listen to the media talk of death m feeling so miserable, I think, you do not look at the palm of m talking drum do? If m talking really grow up, what kind of

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counter-attack? So, you must think in business, when clearly, is standing on the color m talking, I do not blame Tencent, Tencent business because this is an extension.

**Lee Min:** Do you mean that you must first study the entrepreneurial giants, then considered quasi-time approach to this giant in his approach before, put its own user ran out?

**Lei Jun:** Yes, if you are not careful won (there) billions of dollars in return, dry or quit. I want to talk about this very clearly meter business, the last meters talk about this business can survive, it is beyond my expectations. Originally, we count 50% of the victory they come later, do not start speaking the letter m chat with micro duel, in fact, very complex, with our expected the same. If you do not know it, you will feel very depressed, how would feel God is unfair, in fact, the world is fair.

**Lee Min:** But things are not so desperate that they do not do them, I think is also very frustrating to think clearly?

**Lei Jun:** They front was a little long, but the longer the front, their detachment sooner. So, I was doing millet, we think first of strategy, strategy is not to do what you do not do anything. So, we are very clear that we do not do what the subject matter, I think this point is very important.

**Lee Min:** You just said that entrepreneurs should be more far they actually would like to use the power of this platform to make yourself grow up. I think for millet, is not in two or three years also give entrepreneurs to provide such an opportunity, you have found the ecosystem is greater than for other entrepreneurs to provide opportunities for entrepreneurship and innovation?

**Lei Jun:** We are actually in the whole ecological environment do a lot of things. For example, the theme this market is to promote ecological chain, that is how you can put the whole performance of all of the top mobile phone changed, at this point, we support a very large number of designers working in the field of ecology millet. We do most of the future based on the theme designer to help millet do it to survive, but to live well. Today speaking millet system for developers, designers did what? I think we really small, like everyone else, our entire company that is a small company for three years, I think give me three years, I believe we will be together on this platform a lot of people.

**Lee Min:** You are too modest, the same three companies have done your market is said to have 10 billion dollars in size, but the other three companies you may not have created such a miracle. Millet is a legendary company, and there are fanatical fans. United States more than a year, also won everyone's eye, is a do [tesla](#) , or Marx What inspired you?

**Lei Jun:** I asked three questions, the first question is Tesla (transliteration) manipulation are all touched, I said that if crashed how to do? The second question is do you think the biggest challenge is to Mars what? The third problem is that while he was operating three companies, he was doing Tesla, still doing solar companies, there is a forgotten. I said if you do the Tesla later, you will do next? He gave me the answer is that he thought he was doing a lot, and he need to be very focused, which three things Tesla, rockets, still doing a solar energy company. He said he wanted to do some little things that he wants attention. I am one that, I think he is very powerful, he focused doing every thing is great things. I say if you do these



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three things, the next thing you did what? He said he wanted to make an airplane, he felt the aircraft that does not seem to science, he said I would do airplanes. I told him a joke that made electric plane? He said he also did not want to, but if you let him do the aircraft is very interesting.

**Lee Min:** Do you think Silicon Valley entrepreneur entrepreneurs with China the biggest difference is what?

**Lei Jun:** their thoughts, ideas always make you feel very disruptive. These U.S. entrepreneurs, they really want to change the world may be, they do everything really are changing the world. So, too, someone said to me, you want to change the world, I think with the growth of our environment, with our current situation in China today, I am here to talk about, I want to change the world, I am sure that I was doing. We do not change the world, and to change Beijing's "haze" weather, it has been worth here. Therefore, we Chinese are now facing a lot of problems for me, doing a good product that allows users to scream, that was enough. I really did not like the United States as entrepreneurs change the world, we have another 20 years I hope we can do entrepreneurs a world-class, innovative companies subversion, I think in today's China is more difficult to have such a business environment.

**Lee Min:** You did not see (the entrepreneur) tell you, Ray always I want to be with you this business opportunity?

**Lei Jun:** I often see, but I do not believe that we do not have such capabilities. You imagine watching a decade ago, said Tesla rockets do you believe it? Today, Tesla is to do a smart, stylish electric car is not easy.

**Lee Min:** So you're waiting ten years later, there is an entrepreneur in front of you say, I hope he can change the world, and then tell you, maybe you can trust him, and now see the total mine, do not tell him to say the words, sentence is cold shoulder.

**Lei Jun:** I say the truth, I also want to say these inspirational things, but I hope that is true.

**Lee Min:** Thank you, Ray always, just red rice from \$ 799 all the way to say, when it comes to change the world, in fact, I think that whatever is the entrepreneur or entrepreneurial society, are likely to grow a path to it. Starting from the most specific product, and then slowly to form an atmosphere, then different.

Finally, I say two things: first, millet can not be said to have changed the world, but at least changed China's smartphone industry, which is quite remarkable. So today, thank you very much Ray always told us to do so much to share. Second, General Ray as Gangster Now you should also believe that more young people after three to five years if there is a 90, or 95 in front of you, after that he wants to change the world, I hope you'll give him some opportunities to hear him saying he wanted to finish, I think this is beyond your future millet should make the most of social responsibility, thank you! >