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The winning formula

Technology Fast 500 Asia Pacific CEO Survey 2005

Reaching new heights

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A photograph of a pole vaulter in mid-air, silhouetted against a bright blue sky. The vaulter is holding a long pole that extends diagonally across the frame. The sun is visible in the lower right corner, creating a strong lens flare effect. The overall mood is one of achievement and reaching new heights.

The Deloitte Technology Fast 500 Asia Pacific CEO Survey 2005 provides insight into the issues and opportunities CEOs expect will drive the industry forward in 2006.



Deloitte Technology Fast 500 Asia Pacific CEO Survey 2005

Introduction

The Deloitte Technology Fast 500 Asia Pacific 2005 CEO Survey aims to understand the business challenges, concerns, critical success factors, macro-economic trends and areas for future opportunity faced by ambitious technology businesses throughout Asia Pacific. In addition, the feedback on personal challenges faced by CEOs provides key insight into how Deloitte TMT leaders operate.

The picture provided by the survey is encouraging. Confidence among Asia Pacific CEOs this year has reached new heights. Finding, developing and inspiring top-level employees has superseded concerns such as timing to market and portfolio development. There are still concerns over competition from emerging markets such as China and India, and expansion is still being driven primarily by sales within the Asia Pacific region, rather than globally.

Internet-driven revenue is now a fact of life and together with the Wireless communication sector is seen as offering the highest growth potential in this and coming years.

The overwhelming message of the survey is one of increased stability and the revenue growth rates of these businesses are still exceptional.

About the survey

The Deloitte Technology Fast 500 Asia Pacific ranking lists the 500 public and private Technology, Media and Telecommunications (TMT) companies based in Asia Pacific, that have achieved the fastest rates of annual revenue growth during the past three years, calculated from revenues provided by participating companies and public company research.

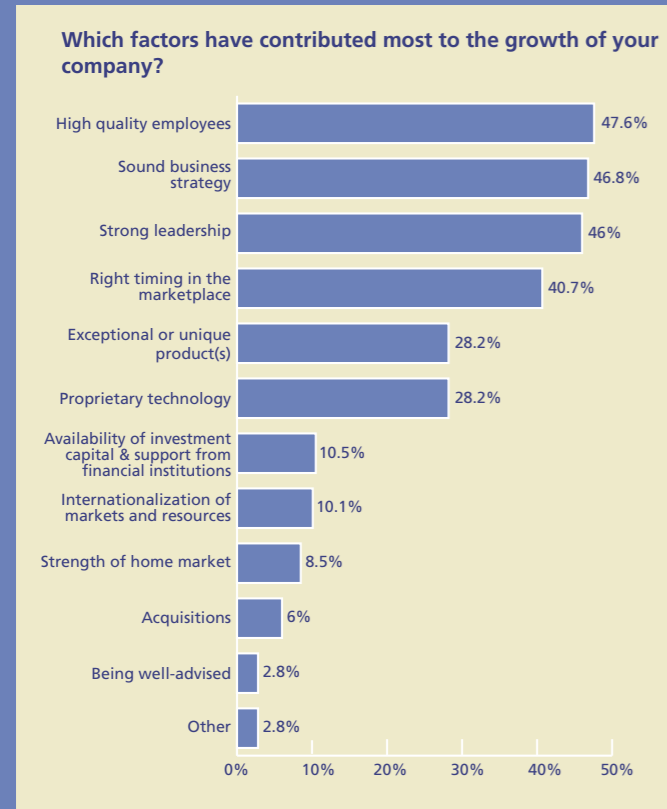
Each year since 2001, Deloitte Touche Tohmatsu and the Technology, Media and Telecommunications (TMT) practices of its member firms have conducted a survey of the CEOs of these top ranked companies. The Deloitte Technology Fast 500 program is sponsored by DTT and the TMT practices of its member firms. This survey is in its fourth year and takes its responses from 248 Deloitte Technology Fast 500 CEOs in Asia Pacific and was undertaken in the 4th quarter of 2005.

Number of CEOs that responded to the survey, by location



1 Get the balance right

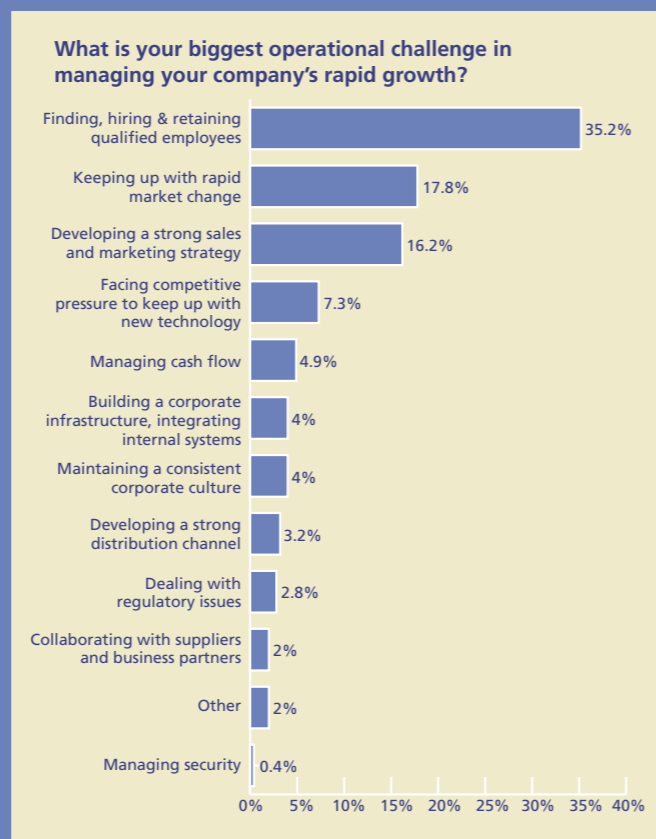
Critical success factors and challenges for fast growing technology companies



Staffing excellence

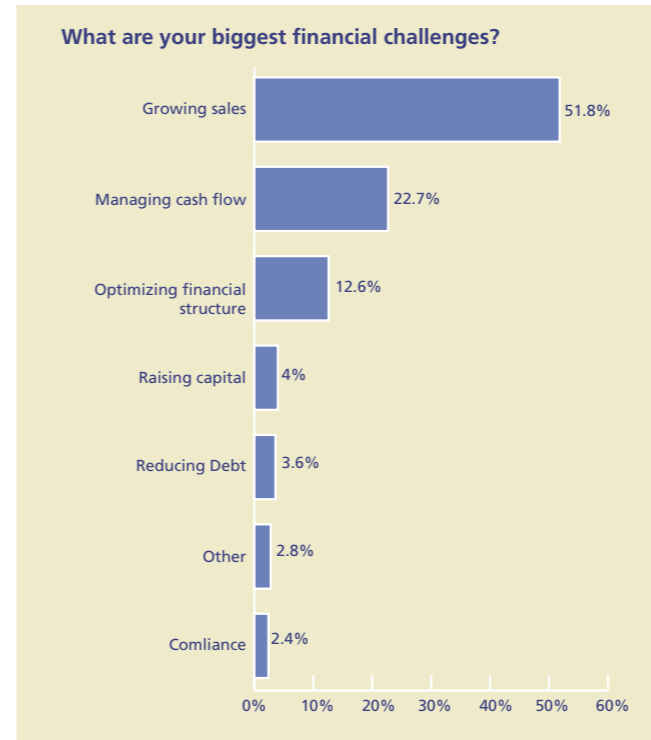
High quality employees are the leading reason for the growth of technology companies in 2005, moving from 11 percent to 48 percent from 2004.

Similar to 2004, a sound business strategy and strong leadership remain key success factors in the growth of technology companies. In sixth place, proprietary technology is clearly a growing area of consideration as more CEOs are concerned about this area of their business than in 2004 (28 percent versus 17 percent).



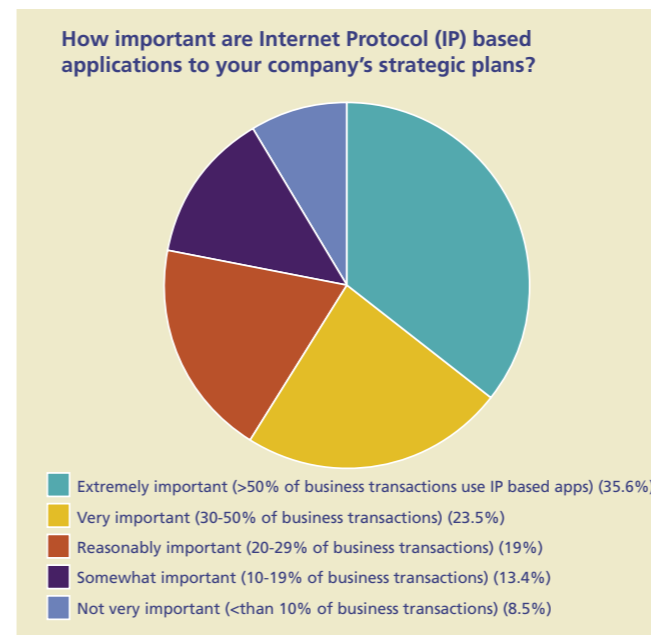
The human resources dilemma

The necessity for high quality employees is a pertinent one and remains as the priority operational challenge, at 35 percent. The top four factors: the need for quality employees; keeping up with rapid market change; a strong sales and marketing strategy and keeping up with new technology, remain in the same order with almost the same percent response as in 2004. The shift in priority from sales strategy to team building is reflected worldwide.



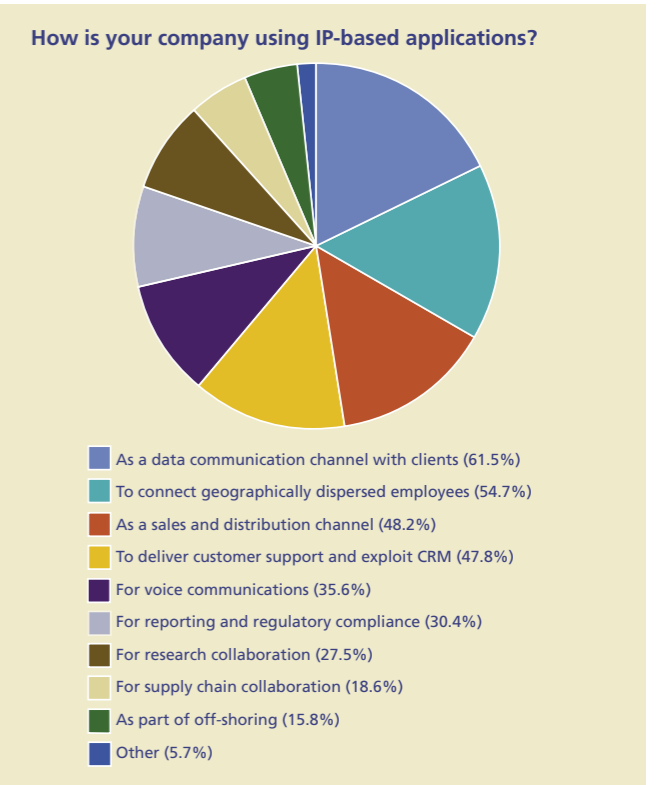
Casting the sales net further

Feeling the pressure to sustain growth and performance, growing sales is the dominant financial challenge of 2005, gaining nearly 10 percent from 2004. Managing cash flow continues to be high priority and increases slightly to 23 percent, indicating the ongoing need to improve management of finances and funding issues.



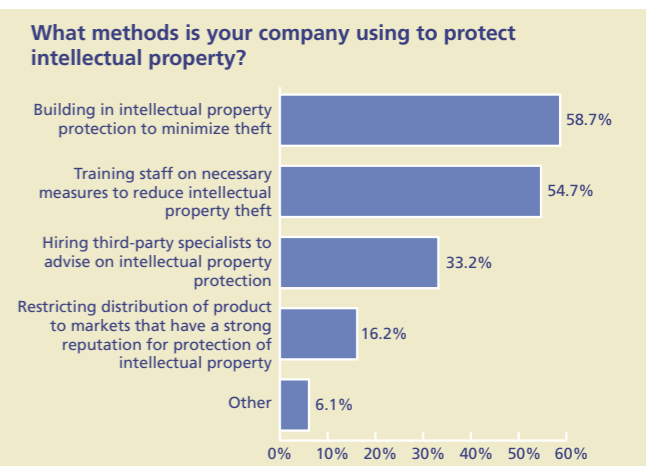
Embracing the Internet

IP-based applications have had their best year yet in 2005. Use of the Internet continues to be vital. 60 percent of respondents are conducting more than 30 percent of their business transactions via IP-based applications. The cost reduction and greater functionality of IP-based applications will likely see the sector continue its growth, as more companies choose this form of trade.



The increasing role of the Internet

IP-based applications are clearly the lifeblood of fast growing technology businesses and its usage extends across a host of business areas, but its primary use, as a data communication channel with clients, is up nearly 40 percent over 2004. The need to connect geographically dispersed employees has seen a rise in importance from 16 percent in 2004 to 55 percent amongst responding companies this year. 48 percent of CEOs surveyed use the Internet as a sales and distribution channel - doubling from 2004. A relatively new area of usage, voice communications, enters the arena at 36 percent.



Keep the copycats at bay

It is clear that copyright protection is high on the agenda of today's CEOs, particularly in Asia Pacific. Almost 60 percent surveyed are addressing the problem up front, by building protection into the product range. Training staff on measures to address the issue is also a popular option selected by 55 percent of CEOs surveyed. The implementation of more extreme measures is also growing, such as hiring third-party specialists to advise on intellectual property protection (33 percent) and restricting distribution of product to markets that have a strong reputation for protection of intellectual property (16 percent).

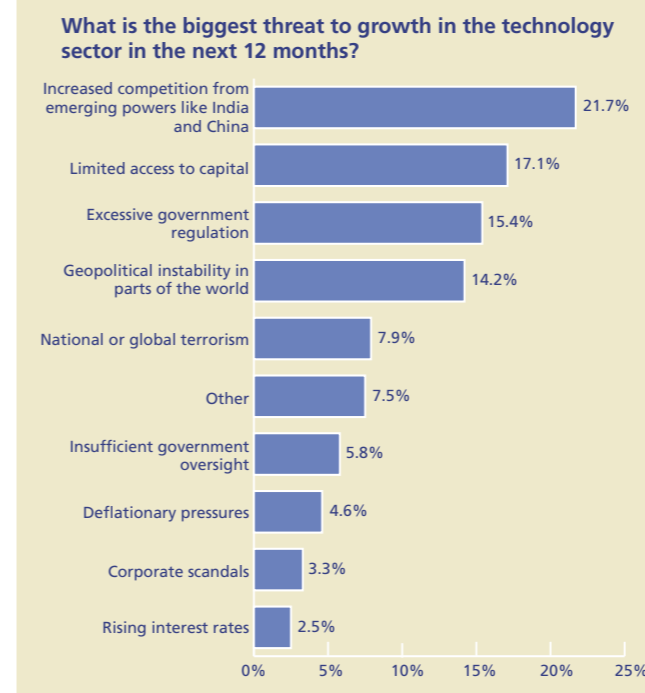




“CEO confidence in sustained growth has reached an all time high.”

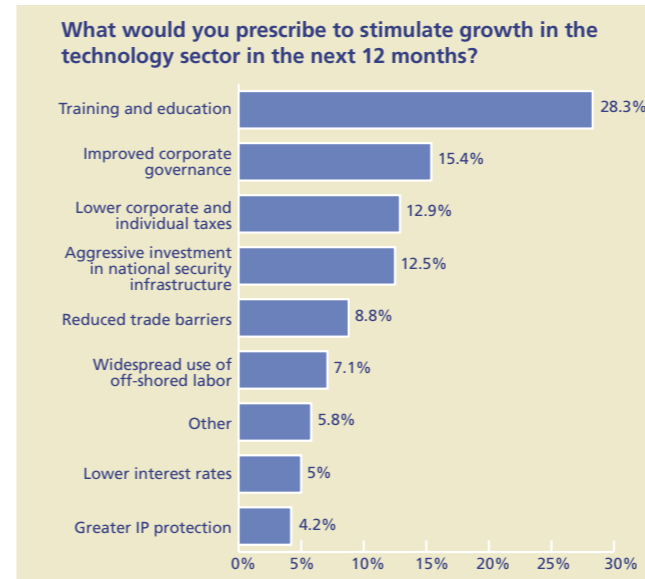
2 Gaining the lead

The big picture: Macro-economic trends



The rise of the superpowers

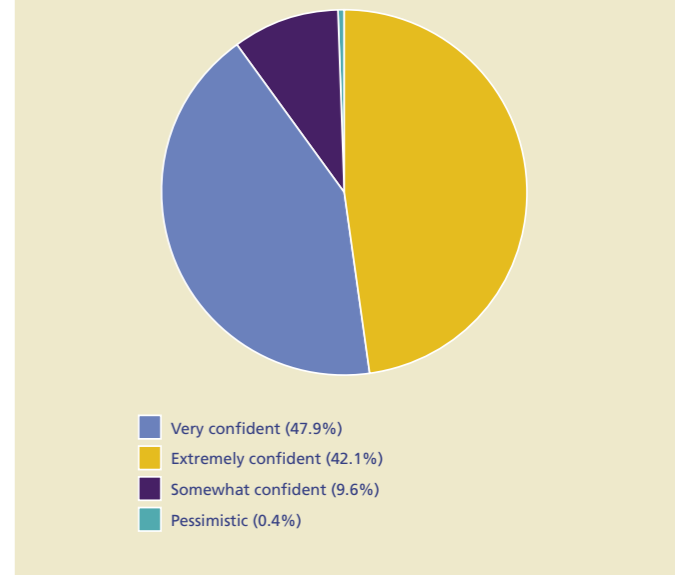
It's not surprising that increased competition from emerging powers like China and India remains a primary threat for CEOs surveyed, but concern has declined from 30 percent to 22 percent in 2005. Few countries can compete with China and India in terms of price and quality, for mainstream technology products and services. Concern over limited access to capital is increasing - a close second as inhibitor to company growth at 17 percent.



People investment

CEOs list training and education as the best way to stimulate growth in the sector and this requirement for training and education clearly relates to CEOs concerns for finding sufficiently trained staff. Improved corporate governance (15 percent) and lower corporate and individual taxes (13 percent) are also popular choices.

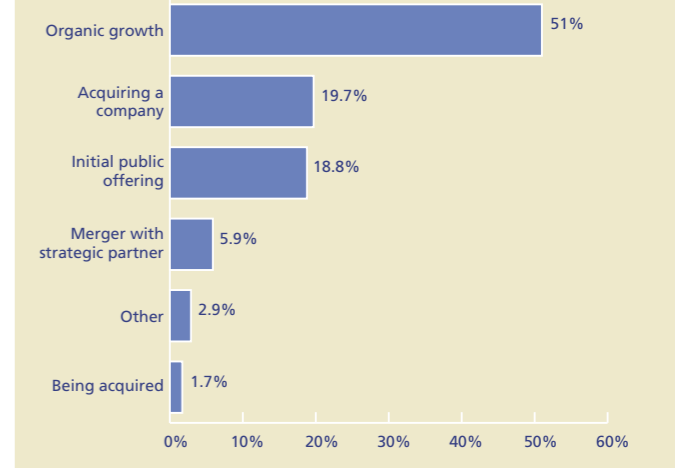
How confident are you that your company will sustain its high level of growth over the next 12 months?



Powerfully positive

CEO confidence in sustained growth has reached an all time high. A remarkable 90 percent of responding CEOs are either very confident or extremely confident of sustaining their current growth. This represents a rise of four percent on last year and is 16 percent higher than North America and 8 percent higher than EMEA.

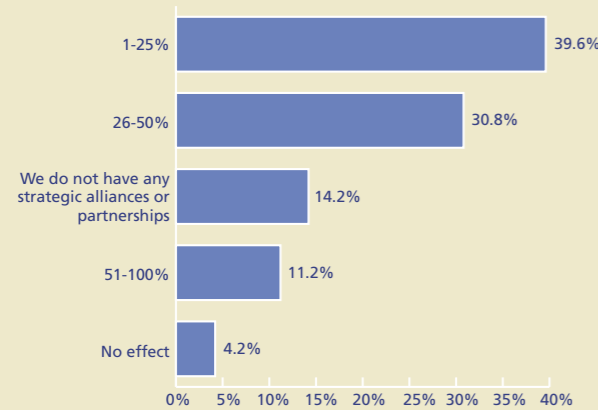
What do you consider the most likely scenario for your company within the next 12 months?



Home base

Organic company growth is by far the most likely scenario moving forward, selected by 51 percent of CEOs, mirrored in EMEA by some 70 percent of CEOs. However, acquiring a company (20 percent) and initial public offering (19 percent) are not far off the radar of CEOs seeking rapid growth.

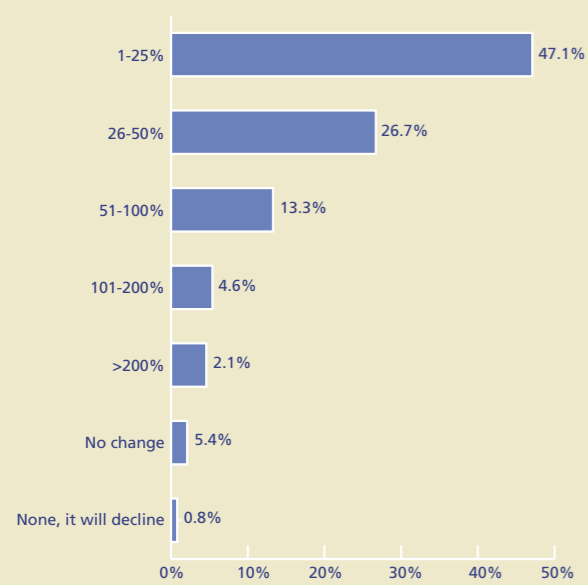
How much have strategic alliances or partnerships contributed to your revenue growth?



From single to relay

More than 30 percent of responding CEOs attribute over 25 percent of revenue growth to strong alliances or partnerships. 40 percent feel partnerships have contributed to between one and 25 percent of company growth.

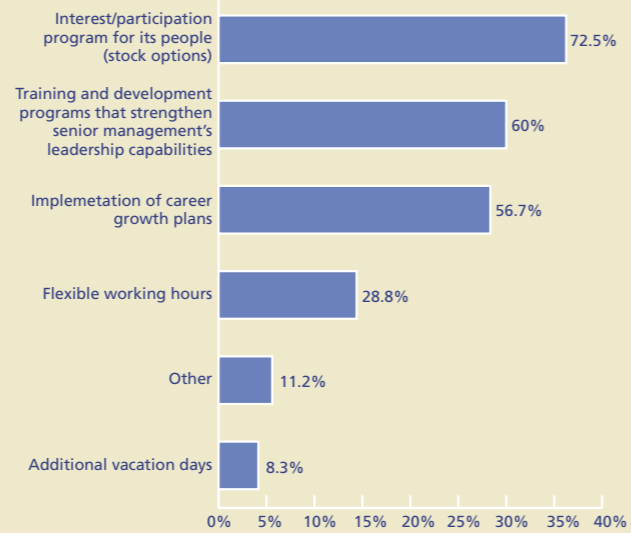
How much will your workforce grow in the next 12 months?



Human capital

The sector remains incredibly positive on the need to grow their workforce in 2006: 94 percent of businesses who responded to the survey will grow their headcount during 2006. 27 percent of the nominated companies responding to the survey anticipate growth in their workforce of between 26 and 50 percent and 47 percent foresee growth in headcount by between one and 25 percent.

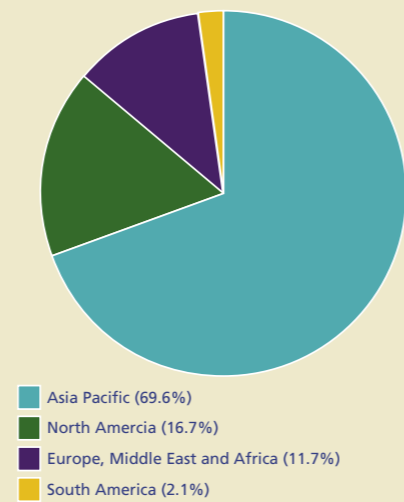
Which methods are used by your company to attract and retain talented employees?



Staying power

In a year in which human resources are top-of-mind, Asia Pacific CEOs are very clear on the top three methods of attracting and retaining employees: stock options lead the list with 73 percent of CEOs citing this practice. 60 percent support training and development programs to grow management in leadership and 57 percent list career growth plans as key to employee satisfaction. Only 29 percent of Asia Pacific CEOs (versus a significant 62 percent in EMEA) are using flexible working hours as a successful means to retain quality staff.

Which of the following geographic markets represent the best opportunity for significant growth for your company over the next five years?



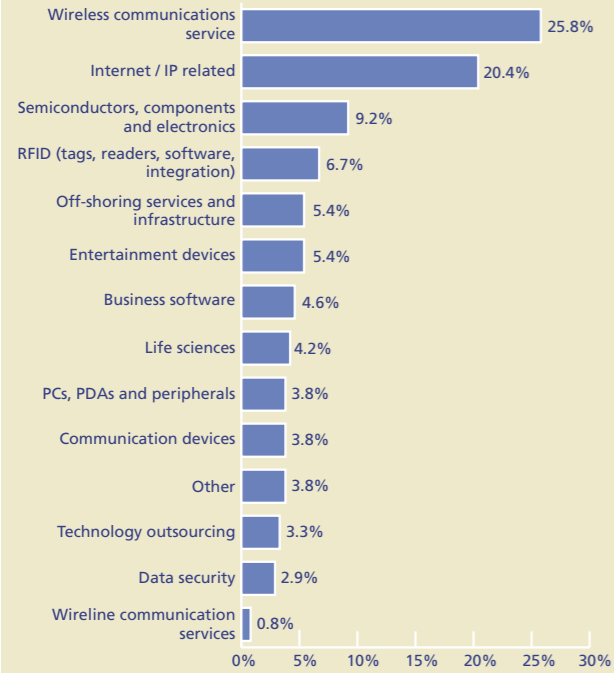
Growing the home market

Asia Pacific businesses are focusing on the home market as their best growth opportunity for the near future and this has increased from 2004 by 14 percent. The North American and EMEA markets are less attractive to Asia Pacific CEOs and are showing a decline from 2004.

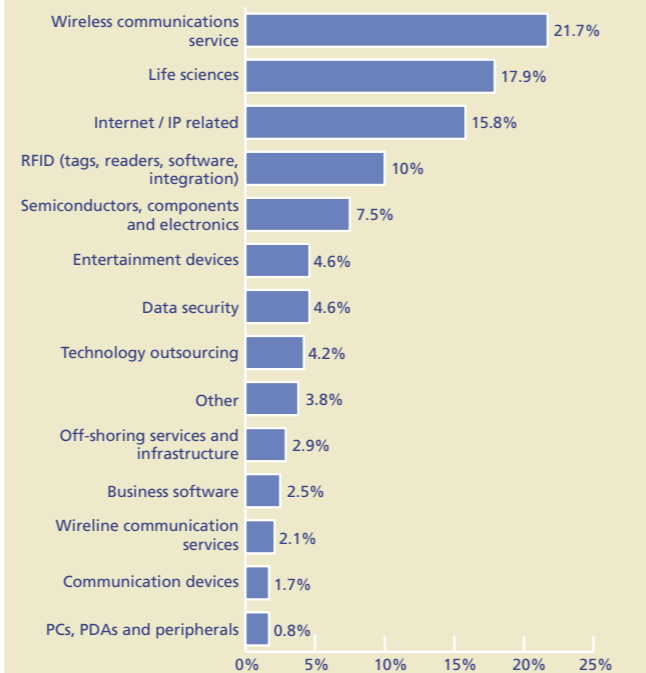
“Only 29 percent of Asia Pacific CEOs (versus a significant 62 percent in EMEA) are using flexible working hours as a successful means to retain quality staff.”



Which technology industry sub-segment has the greatest potential for growth over the next 12 months?



Which technology industry sub-segment has the greatest potential for growth over the next one to three years?



The wireless way

The two leading industry sectors highlighted as offering greatest growth potential in the next 12 months are Wireless and Internet/IP (26 percent and 20 percent respectively). Responding Asia Pacific CEOs see Semiconductors, Components and Electronics (9 percent) and Radio Frequency Identification (RFID) (7 percent) as secondary growth sectors. Entertainment has also been noted as a sector of opportunity.

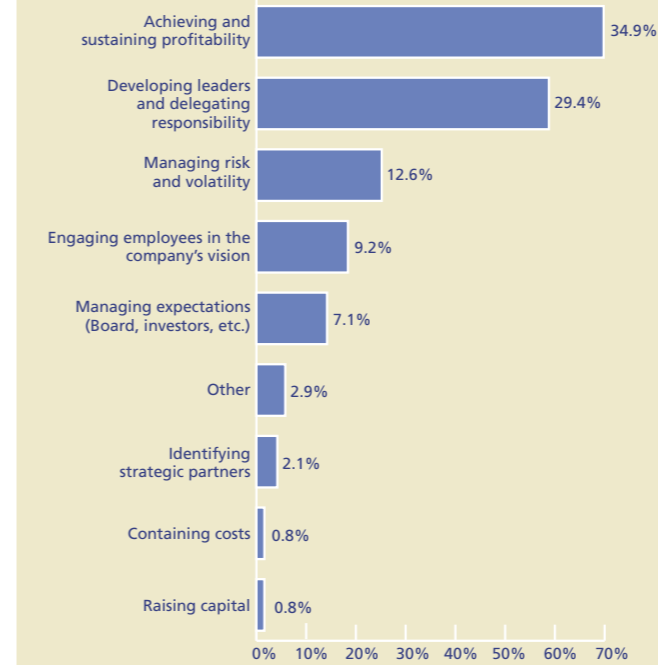
Here to stay

Wireless leads the race as the segment providing the most growth in the next one to three years. The Life Sciences sector pips the Internet at the post in the one to three year period as a segment with great potential for growth (18 percent versus 16 percent respectively).

3. Movers and shakers

CEO personal challenges

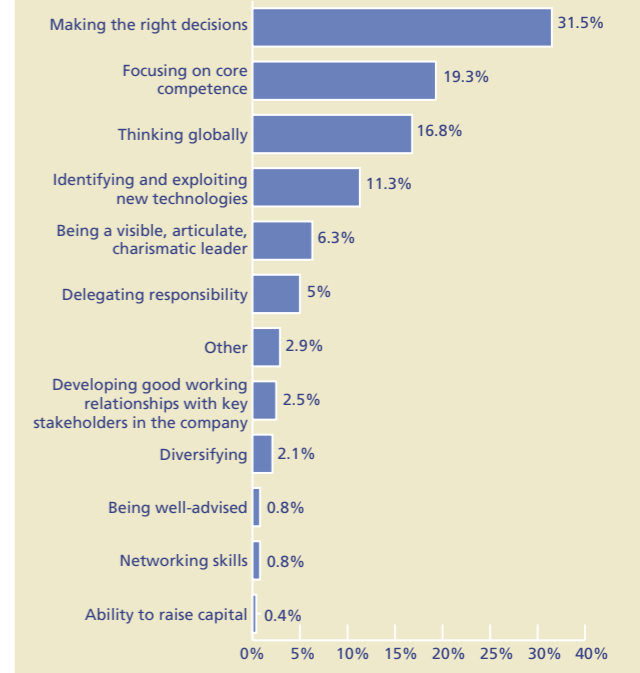
What is your biggest personal challenge as CEO?



Staying on top

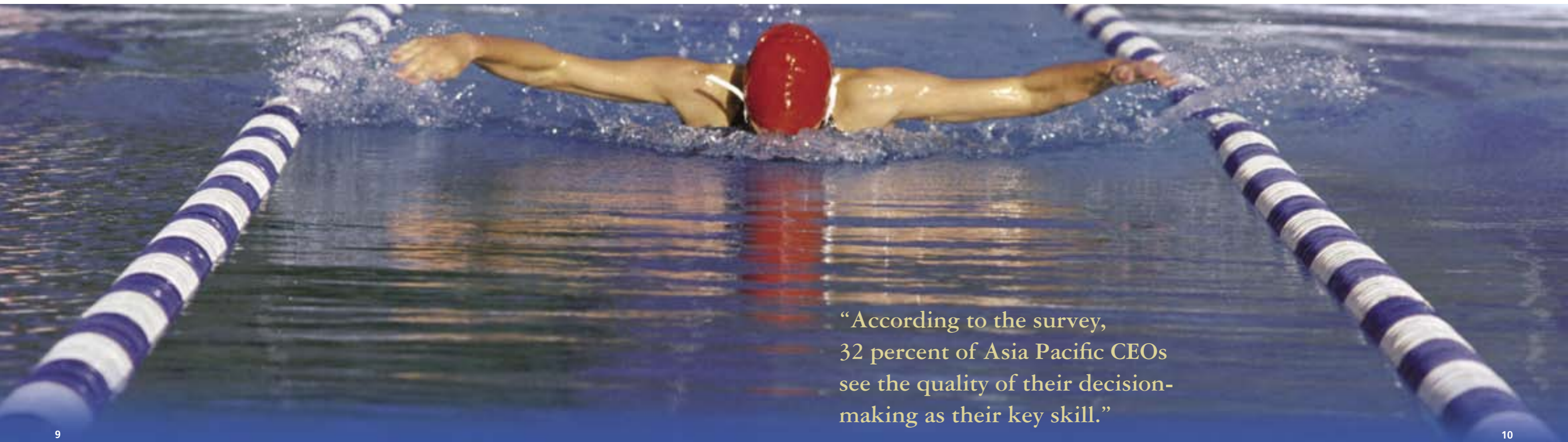
At the top of the list this year at 35 percent is the need to ensure profitability. Developing leaders and delegating responsibility - the human factor - takes second place in terms of priorities, yet is still rated critical by 30 percent of CEOs.

Which skill do you see as most important for a CEO of a fast growing technology company?



The right stuff

The ability to make the right decisions is without a doubt a valuable quality for successful leadership and according to the survey, 32 percent of Asia Pacific CEOs see the quality of their decision-making as their key skill. Focus on the company expertise and the ability to take a global perspective are listed as key competencies of a CEO, taking second and third place as noted by 19 and 17 percent of the respondents respectively.



“According to the survey, 32 percent of Asia Pacific CEOs see the quality of their decision-making as their key skill.”

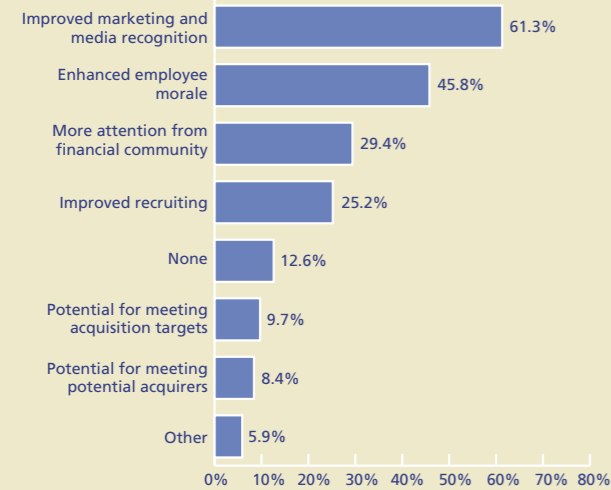
To which factors do you attribute your personal success?



A winning attitude

The response of participating Asia Pacific CEOs to this question reveals clearly the type of person most likely to manage a fast growing technology business today. These are movers and shakers with entrepreneurial spirit (69 percent) and sheer determination to succeed (59 percent). Technical knowledge is useful in this fast changing sector - some 47 percent of CEOs surveyed feel it is a necessary skill.

What benefits have you received from selection to the Deloitte Technology Fast 500 program?



A win-win situation

It is encouraging to see the positive spin-offs the Deloitte Technology Fast 500 Asia Pacific program offers to participating companies: PR opportunities, enhanced employee morale and increased attention from financial institutions and prospective employees.

The last lap

Power to the people

People are the key. According to CEOs in the Asia Pacific region, people are the dominant success factor and their personal priority. In 2003 in Asia Pacific and EMEA, getting the timing right for product launches was considered key, and the North American CEOs surveyed last year felt the uniqueness of the product was the most critical success factor. However, this year, 48 percent in Asia Pacific and 66 percent of Deloitte Technology Fast 500 CEOs in EMEA, agreed that the quality of employees is the key to successful growth. This is a global trend - people are also the single most important success factor this year in the Deloitte Technology Fast 500 CEO survey in North America.

People are also the key operational challenge in 2005. 35 percent of Asia Pacific CEOs who responded, said that their biggest operational challenge was attracting and retaining high quality employees. Programs are in place to attract and retain them - 73 percent of firms offer a stake in the company, like stock options and 60 percent offer training and development programs.

Personal CEO challenges are also people-driven. Two years ago achieving and sustaining profit was by far the greatest challenge, and it still is. However, now the tasks of developing new leaders and delegating to them are top priorities.

Online - on the up and up

The role of Internet Protocol (IP) in driving revenue, supporting internal processes and creating growth cannot be overemphasised, and it grows in significance every year. 60 percent of Asia Pacific CEOs surveyed see over 30 percent of their planned business revenues being generated via IP-based applications. Around 20 percent of CEOs who responded see the greatest potential for growth over the next three years in Internet and IP-related segments.

The Internet is the primary business process platform for Deloitte Technology Fast 500 Asia Pacific companies. Most businesses (62 percent) use the Internet as a data communication channel with clients. However, 55 percent of respondents also use the Internet to connect geographically dispersed employees, 48 percent as a sales and distribution channel and a quarter use it for research, supply chain collaboration and regulatory compliance.

The rise of wireless

The leading industry sector CEOs feel is offering greatest growth potential in the short and long term is Wireless, sitting at 26 percent (compared to the Internet sector for the EMEA survey).

A record high

CEOs are brimming with confidence this year. Confidence in sustaining future growth has reached an all time high, with a remarkable 90 percent of Asia Pacific CEOs surveyed either extremely or very confident that their company will sustain its growth over the next year. This is a four percent increase on 2004, and is 16 percent higher than in North America this year. Considering that the current average three year growth rate for Deloitte Technology Fast 500 companies in Asia Pacific is 518 percent, this gives good reason to anticipate further exceptional performance from these businesses over the coming 12 months.

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