



Speech at the Innovation Plenary of Australia Week in China

Distinguished guests,

Ladies and Gentlemen:

It is my honor to be here at the Innovation Plenary of Australia Week in China.

Huawei was founded 29 years ago in Shenzhen, with only 21,000 RMB in startup capital. China's reform and opening-up gave us a market economy; at the same time, the global telecom market was growing rapidly. Riding this wave of development, Huawei was able to grow into a global ICT leader. In 2015, Huawei earned around 60.8 billion US dollars in revenue and invested 15.1% of the revenue – 9.18 billion US dollars – in R&D. We provide ICT products and services to operators, enterprises, and consumers in over 170 countries and regions, serving over one-third of the world's population. In the next few years, Huawei's revenue is expected to exceed 100 billion US dollars.

In the future, everything will be connected. Connections will not only exist between people, between things and people, but also between things themselves, which will create tremendous opportunities. No doubt, 5G is now the direction of future technological evolution. Huawei has



invested and will continue to heavily invest in this area. However, even the most innovative carriers will not be able to commercially deploy 5G before 2020. It might take even longer to roll out 5G networks on a large scale. So before 5G arrives, what should we do to address the uncertainties brought on by new technologies and business models? We first need to increase connectivity.

Huawei has published the Global Connectivity Index (GCI) since 2014. We estimate that by 2025, there will be 100 billion connections globally. Among them, 55% will come from the applications in the business world, such as smart manufacturing and smart cities. The value of connections lies in improving productivity and delivering better financial results. The other 45% of the connections will come from consumer areas such as smart homes, the Internet of Vehicles (IoV), and wearables, which will greatly improve our quality of life.

Connections between the 7 billion people on earth will perhaps account for only about 10% of the total. The majority of connections will be between people and things, and also between things themselves. Currently, 99% of devices are not connected, so our top priority is enhancing connectivity.

In February, we officially established our global NB-IoT Forum, which will help carriers support the huge market for IoT applications. We have made some progress globally in IoT applications. In 2016, we will conduct experiments on smart metering and smart

parking based on IoT. Such tracking and communications require very low power consumption, wide coverage, strong signals, and high-density connections in specific areas. NB-IoT is the key technology that satisfies these needs. This technology will further boost efficiency and facilitate an optimal experience for Australian customers and consumers.

Huawei has always dedicated itself to and benefited from innovation, which has become an integral part of Huawei's DNA. Innovations in applications and products are perceivable by consumers, while those in basic technologies are invisible to them. If we compare innovation to an iceberg, then applications and products are the part above the water, while basic technologies are submerged.

Huawei attaches great importance to both types of innovations and has been increasing investment on innovating materials, techniques, algorithms, high-end manufacturing, chipsets, and aesthetics designs. Huawei has also been actively involved in innovating technologies that can reshape the future, such as grapheme, nanotechnology, artificial intelligence, and IoV.

In the future, we will work with our global partners to jointly enlarge the industry and benefit from the digital economy.



Huawei has become a member of over 300 standards organizations, industry alliances, and open source communities, holding more than 280 important positions. We have now established 36 joint innovation centers worldwide. We have more than 500 enterprise cloud partners and are serving over 2,500 customers across 108 countries and regions. We have also implemented our Seeds for the Future program in 67 countries, benefiting about 15,000 students from different continents: more than 1,700 of these students have studied at Huawei's headquarters in China, including 38 from Australia.

Our Huawei Innovation Research Program (HIRP), initially established in 1999 as the Huawei University Fund, aims to encourage long-term open collaboration and joint innovation. The HIRP provides funding and support to outstanding researchers and research teams worldwide for their work in new technologies and business domains, as well as their efforts to resolve long-standing problems via innovative approaches. With the HIRP, we aim to draw on creative ideas from across the industry and innovate together to achieve win-win results.

Currently, the HIRP counts 100 academic institutions and more than 1000 scholars as members. It includes open and flagship programs. Open



programs are operated through our official HIRP website and are open to universities worldwide. Universities can submit their research proposals via the website at any time. We also regularly publish internal research needs and are willing to receive any and all research applications. Our flagship programs focus on technical challenges faced by both Huawei and HIRP members. We invite scholars who have a sound research basis to conduct joint research to solve major research issues. Huawei has now begun HIRP open programs with professors from two Australian universities.

Today, Australia is also continuously driving innovation and cooperation and has been a strong supporter of Huawei's win-win cooperation in the country. We look forward to working with partners from Australian industries and academia to build a Better Connected Australia.

Thank you!