IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review

Week of 12 September – 18 September, 2004

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International

Internet

- **A safer, smarter, more reliable and useful Internet could be just a few years away, according to Intel.** The semiconductor giant said adding a sophisticated layer of computing and storage resources over the public internet would make it a more accessible and dynamic infrastructure for all people worldwide. Rather than replace the infrastructure of hardware and software code, Intel called for an entirely new network to sit atop the existing Internet, one that could support new web services, adapt to security threats, and work around sudden bursts of traffic to particular web servers. The new second layer would act as a monitoring and directing force that would make better use of the current technology, which sends packets of information around the web. Intel called on the IT industry and potential users of planetary-scale services to help build a smarter Internet by joining the PlanetLab consortium. PlanetLab is an open, global test bed for developing new Internet technologies, with some 150 of the world's top universities and industrial research labs as members.

Telecommunications

- **The Asia-Pacific's adoption of new wireless technologies that offer low-cost, high-speed Internet access for the mass market will fuel steady growth for the region's information technology and communications industries.** With that development, Asia is expected to overtake North America as the world's largest telecommunications market. It was estimated there were more than a billion users of mobile, fixed line and broadband Internet in the region last year. That number would increase to two billion by 2010 as more advanced telecoms services became available. The new set of technologies includes short-range connectivity technologies (up to 30 meters) such as Bluetooth, Zigbee and radio frequency identification. Medium-range connectivity systems (from 150 meters to several kilometers) include updated Wi-fi connections, while long-range wireless network connection would be provided by WiMAX (up to 50km from a base station). Ongoing product development, cutting-edge technology and the widespread take up of new products and services have combined to ensure that Asia has the competitive edge, according to observers.
- **Ten global and regional telephone companies have formed a coalition to press Asian governments for greater access to national telecommunications markets.** The Asia-Pacific Carriers Coalition is particularly targeting the policies of China and India that limit foreign participation in favor of domestic players. It says the restrictions are keeping prices unnecessarily high. Carriers such as AT&T, BT, Cable & Wireless, T-Systems (a division of Deutsche Telekom), Macquarie Corporate, MCI, Pacific Internet and StarHub are among those in the coalition. Asian countries are generally in the early stages of liberalization and have explicitly limited foreign operators' direct market access to sectors that threatens incumbents' core revenues, such as home line rentals or backbone call and data traffic. The group is seeking to offer one-stop-shop services to multinational companies that are moving their operations to Asia. However, they must typically rely on incumbent carriers to provide last-mile access to users due to restrictions on ownership or wholesale leasing to foreign operators.

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Japan

Hardware

- **Shicoh Engineering Co. is set to mass-produce the world's smallest motor used to operate cellular phones' vibrating mechanism.** The motor is also expected to be used in various other equipments, including medical devices and game machines. The motor is 2.8mm in diameter and 6.0mm in length, excluding the length of its axis of rotation. The company plans to produce 100,000 units of the motor at its subsidiary in China in October for sample shipments to about a dozen companies including cell phone terminal makers. The company, which already mass-produces a 3.2mm-diameter motor, will produce 20,000 units of the smaller version in September.
- **IBM Japan Ltd. is set to release products that run on the Linux operating system, aiming to tap the growing domestic market for such goods.** The market is expected to double in three years. The Japanese arm of U.S. computer giant IBM Corp. will start marketing a Linux-based server, eServer OpenPower. This midrange server can be mounted with as many as four of IBM's new Power5 central processing units (CPUs). The company expects the product to be used in corporations' key business systems. The price of a single-CPU server will be 803,800 yen (US$7,323), about 20% less than comparable servers. IBM Japan also plans to form a partnership with the Japanese unit of U.S. software developer Novell Inc. to jointly launch sales promotions activities.

Mobile/Wireless

- **NTT DoCoMo Inc. is looking to strengthen credit card operations for users of its mobile telephones.** The company aims to increase its DoCoMo Card members in one year to 1 million from roughly 400,000 at present. The typical annual fee for the card is 1,050 yen (US$9.53), but the firm plans to waive the charge on cards offered in collaboration with UFJ Card Co. and JCB Co. NTT DoCoMo also plans to simplify application procedures, allowing online applications for certain cards, as well as broaden card promotion efforts at mobile phone retail locations. Users of DoCoMo Cards receive points when they use them for regular shopping and for mobile phone service payments. Points can be applied to upgrading mobile phone models, for example. The company expects competition for mobile phone users to stiffen in fiscal 2006, when customers will be able to take their mobile phone numbers to other firms. NTT DoCoMo hopes its credit card operations will help it retain customers.

Software

- **Toshiba Information Systems (Japan) Corp. will soon begin marketing chaos encryption software that can operate on general-purpose CPUs (central processing units) like the kind found in cellular phones.** The software, dubbed Tritium, uses a proprietary algorithm that simplifies the task of generating the encryption key. This enables even consumer devices like cellular phones to employ chaos encryption for highly secure transmissions such as electronic transactions and account settlements. The software also requires only one CPU. Typical encryption algorithms use a decoding key that is 128-256 bits long, whereas chaos encryption uses a key that is 512 to 65,536 bits long. This key is generated using a computation method called high-precision floating point arithmetic, which usually requires the number-crunching power of a fast CPU. Toshiba Information Systems will market Tritium on CD-ROM, priced in the range of 2-3 million yen (US$18,000-27,000). It aims for sales of 50 million yen (US456,000) in the fiscal year ending March 2005, and annual sales of 200 million yen (US$1.8 million) thereafter.

- **Network builder Netmarks Inc. has commercialized for corporations a security system that prevents leaks of private information about customers.** Marketing will begin in October, with the company hoping to deliver it to 10 or so firms in the current fiscal year. The product is based on a system Netmarks installed this summer for Softbank BB. Corp., operator of the Yahoo BB Internet connection service. The system keeps a log of all operations carried out on the personal computers used by employees and the servers that store customer information. This log is analyzed by special monitoring software developed by Seer Insight Security Inc., and warnings are generated whenever operations that violate specified regulations are detected. For added security, the log has a digital signature that prevents data from altered, and the data is sent to the monitoring server in encrypted form. The system also monitors e-mail and Internet browsing to prevent data from leaving the company via these routes.
- **Software marketer Ascii Solutions Inc. will purchase systems developer Internet Technology Co. through a stock swap.** The deal will give Ascii Solutions access to Internet Technology's customers in the financial services and retail sectors, as well as to its engineers with expertise in systems development. 21 Internet Technology shares will be exchanged for every Ascii Solutions share. The buyer's capital will be increased by 20 million yen (US$182,000) to 324.2 million yen (US$2.9 million) following the transaction, which will dissolve the target firm. All of Internet Technology's staff will become Ascii Solutions employees. In addition to marketing packaged software, Ascii Solutions provides support in systems construction, which accounted for 70% of the firm's total fiscal 2003 sales of 2.3 billion yen (US$18 million). The company aims to win more orders for systems development from financial institutions and government entities.

Telecommunications

- **Competition is poised to intensify in fixed-line phone services as KDDI Corp. and Softbank Corp. both eye the launch of their own services.** Softbank group member Japan Telecom Co., initially announced that the basic monthly fee for its fixed-line phone service beginning in December would be set at 1,550 yen (US$13.63), 200 yen (US$1.82) less than the amount charged by the regional units of Nippon Telegraph and Telephone Corp. But with KDDI said to be weighing the introduction of a basic fee 250 yen (US$2.28) below NTT's, Japan Telecom decided to cut its rates further. KDDI is believed now to be finalizing its rates, which it hoped to be more competitive than those offered by Japan Telecom. The NTT group has kept a low profile so far, but will likely be forced to implement fee cuts as well.
- **Nippon Telegraph and Telephone Corp. is considering phasing out its fixed-line telephone service subscription fee in order to grapple with a declining customer base.** The telecommunications giant is feeling the pinch from KDDI Corp. and the Softbank group's entrances into a market that continues to shrink amid the rising popularity of cellular and IP (Internet Protocol) phones. But whether NTT can unilaterally abolish the subscription fee system, which began when the firm was still a state-owned phone company, will remain unclear until the Telecommunications Council issues its conclusion in October. Even so, the firm is floating the idea of a phase-out now because the change will probably be inevitable, given that NTT cannot simply compete against KDDI and the Softbank group in fixed-line phone services so long as the fee exists. But the phase-out will likely meet opposition from people who have already paid. The subscription fee entitles the buyer to use fixed-line phone service. This right is transferable and can be used as loan collateral. Since NTT has no plans to buy the rights back, some people are likely to charge the company with violation of property rights.

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Korea

Hardware

- **LG IBM PC Co., a joint venture between LG Electronics Inc. and IBM Korea, will split into separate entities by January, 2005.** The partners will begin the transition in October with the separated parties taken under the wings of their parent companies. LG IBM will continue to provide services during the split, while LGE and IBM Korea will continue to operate its sales networks. Separating the company would help increase market opportunities, improve business efficiency and better meet the needs of the local market. LG IBM PC said that the Korean market has changed considerably since the companies forged ties eight years ago. F or one, the market has grown more open to international brands, and second, the economic conditions have become favorable for IBM and LG to expand independently. The company will be separated according to its major products with each brand returning to the parent company that builds the product. This means the eServer xSeries and ThinkPad and the ThinkCenter operations will go to IBM Korea, while the XNote and Multinet operations will be taken by LGE. Despite the split, IBM Korea and LGE said they will continue to exchange technologies to meet international IT standards and jointly bring in large systems integration projects to Korea.

Internet

- **CJ Internet Corp.'s official introduction of its joint venture with Japan's Softbank Group has caused a wave of positive responses from analysts.** The Korean online game-service provider and Softbank Corp. signed a memorandum of understanding allowing CJ Internet to advance on Japan's nascent online game market, while giving Asia's leading economy a chance to expand its horizon of online game content. The 50:50 joint venture between CJ Internet and Softbank Group gave birth to CJ Internet Japan. The Korean company can introduce advanced online services and programs and play a pioneering role in the Japanese online game industry, and at the same time build its global business network, according to analysts. CJ said it eyed Softbank because of the group's strong brand power and Internet infrastructure, as well as high traffic, which should allow effective penetration of CJ's NetMarble portal scheduled to open in December. Three Korean companies now compete in the Japanese market. Aside from latest entrant CJ Internet, Neowiz and NHN Corp. have a presence there.

Mobile/Wireless

- **Sun Microsystems Inc. expects that local mobile-phone operator KT Freetel's decision to use Sun's Java technology for mobile data services will speed the development of the non-voice mobile-phone applications that are increasingly becoming a focus of competition.** All three of the Korean carriers now licensing Java technology for mobile data services is seen as great benefits for Korean consumers. KTF's decision follows a Korean government mandate that mobile-phone carriers use the homegrown "Wireless Internet Platform for Interoperability" (WIPI) from next year for mobile Internet access and data applications. The state-run Korean Wireless Standardization Forum chose Java to serve as the core component of WIPI last year. Mobile Java Technology is quickly becoming the industry standard around the world for mobile network applications used by virtually every major carrier in East Asia and Europe, outpacing the acceptance of U.S. chipmaker Qualcomm's BREW platform by a significant margin. Sun officials estimate that more than 60 percent of the mobile phones made this year are Java-equipped. Mobile-phone operators using Java technology generated US$1.4 billion in non-voice data services in 2003. Sun believes the combined revenue will grow to US$15 billion by 2008.

- **LG Telecom Co., Korea's No. 3 mobile-phone operator, introduced an auto navigation service today that provides information on nearby traffic, businesses and restaurants to drivers via their handsets.** The global positioning system-based service, named "ez Drive," will enable customers to find the fastest route to their destinations and provide traffic updates by voice and maps displayed on their mobile phones. LG Telecom said it is also working to connect the navigation services with location-based data on fueling stations, restaurants, public facilities and other venues. The company will charge a monthly rate of 6,000 won (US$5.24) for the services and an additional 2,000 won (US$1.75) for a traffic-warning system that alerts drivers to roads where accidents frequently occur. Subscribers must purchase a GPS receiver for the services, which LG Telecom plans to sell for 95,700 won (US$83.53).
- **LG Electronics, energized by demand for its third-generation (3G) cellular phones, expects to overtake Western mobile phone suppliers and close the gap with South Korean rival Samsung Electronics over the next two years.** To accomplish this, LG will double production capacity, strengthen research and development, and expand the international market for its 3G phones. As mobile operators launch more 3G services across Europe and Asia, LG plans to double its market share for more advanced handsets by 2006. An LG official said the firm had plenty of experience in making fully integrated multimedia phones – with features such as mobile Internet, MP3 players and camera functions – for the highly advanced South Korean cellular communications market. LG has invested more than US$2 billion in its 3G phone.
- **The Korean Ministry of Information and Communication is considering the placement of further limitations on SK Telecom Co.'s handset business, sparking a debate on whether government regulation on the country's largest mobile-phone carrier has become excessive.** According to a draft plan, the Communication Ministry is discussing a revision to the current telecommunications law to ban mobile carriers from manufacturing and selling handsets through affiliate companies. The current law prohibits mobile operators from marketing handsets but it does not cover the activities of affiliates. Under the plan, wireless carriers will either be forced to give up their ownership interests in the handset affiliates or face caps on market share and production. SK Telecom, the country's No. 1 mobile operator with a 51.6 percent market share, promotes its handsets through equipment-maker affiliate SK Teletech. Under the antitrust agreement following SK Telecom's 2002 takeover of Shinsegi Telecom, the mobile operator may provide no more than 1.2 million SK Teletech handsets per year to its subscribers through 2005. The Communications Ministry has been seeking to limit SK Telecom's influence over the handset market. Government officials believe the increasing presence of mobile operators on the manufacturing side could have a negative effect on the competitiveness of the makers. Mobile phones are designated among the government's information-technology industry growth engines.

China

Internet

- **China Unicom, the nation's largest mobile carrier, plans to open up to 3,000 Internet cafes by the end of the year.** This appears to be part of government plans to boost control over the sprawling Internet, which currently has close to 980 million users in China, by giving just a few top companies access to operate cafes. China Unicom would open 150 to 200 Internet cafes and operate another 2,500 to 2,800 by franchise. The telecommunications operator, which already has 400 Internet cafes throughout China, also signed a strategic agreement with China's largest online games operator Shanda Interactive Entertainment to provide Shanda's games in the cafes. China, fearful of the potentially subversive potential of the Internet, has appeared to be much keener in recent months to close down old Internet cafes than to open new ones. At least 8,600 unlicensed Internet cafes had been shut for admitting juveniles since February. Unicom's expansion plans seem to be the results of a government project, first announced last year, to introduce a chain store concept into the business, letting up to 100 companies run the vast majority of Internet cafes.

Hardware

- **International Business Machines Corp. is reaping the rewards of a decade-long push into China's business computer market and is eyeing upward of a 50 percent share.** Citing industry figures, the world's largest computer company boasts a 43.6 percent share of China's market for business computers, large and small, the computers used to operate everything from state-run banks to e-commerce web sites. Its global business computer share is 32 percent. But while hardware remains its mainstay in China, IBM is focusing new hiring and investment on software and services, where it sees even stronger growth. While the rest of the world has moved to a software and services market, China's industry remains hardware-centric, according to IBM. Currently, the bulk of IBM's China revenues – 70 percent – come from hardware while only 30 percent on software and services. IBM is taking aim at software and services in China because the sector is projected to climb in excess of 20 percent. According to statistics from the market research house International Data Corp (IDC), IBM ranked first in terms of the value of PC sales in China among all foreign brands and only after the domestic vendor Lenovo. Its market share in the notebook computer segment in terms of units also grew from 17.3 percent to 21.2 percent and further extended its leadership. IBM launched its new model of notebook Thinkpad x40 earlier this year. It also released its smallest desktop computer Thinkcentre S50.
- **With its Asia-Pacific enterprise sales on the rise, computer maker Dell has opened in the mainland the first of three support services hubs planned for the region.** The new Dell China Enterprise Command Center (ECC) has been set up in the coastal city of Xiamen in Fujian. The center is to provide high-level, around-the-clock-support for the company's server and storage systems customers on the mainland. The move to buttress its support services on the mainland follows a decision to focus more on selling the business sector, where Dell posted a 41 percent year-on-year increase in server sales in the second quarter. Although IBM and HP were ahead in selling to China, Dell has managed to become competitive in recent years in the financial services, telecommunications, oil and petrochemical, manufacturing, education and government sectors.

Mobile/Wireless

- **Strengthening its commitment to the Chinese telecom market, Motorola has committed US$90 million to enhance its presence in Beijing.** Motorola determined it would be beneficial to the company and its employees to combine two current facility sites in Beijing – one for R&D and one for general management, administration, marketing, and sales – into one campus. Slated to open in the fourth quarter of 2005, the new facility will be located in the Wangjing zone of Beijing and have 2,500 employees. Motorola has been in China since 1987 and sees it as an important country, not only for R&D and manufacturing but also as an emerging market. Earlier this year, Motorola tallied more than US$1 billion in contracts from two mobile carriers. China Unicom agreed to buy US$556 million of equipment to expand its CDMA network. And China Mobile will pay US$510 million for gear to improve its GSM communications network, including upgrades that will help it prepare for third-generation service.

Telecommunications

- **China Netcom Group Corp. (Hong Kong) Ltd., controlled by the nation's second-largest fixed-line operator, cut its debt by 17 percent in the first half, improving its chances of raising US$1.5 billion sharing shares.** Netcom, which provides fixed-line and Internet services in six cities and provinces in Northern China, cut its debt by 11.9 billion yuan (US$1.4 billion) in December to 58 billion yuan (US$7 billion) as of June. The reduction may alleviate concerns that the company holds excessive debt as it prepares for initial public offering in October. Netcom plans to spend 70.7 billion yuan (US$8.4 billion) in the three years to 2006 on new networks and rising competition from cellular phone operators may deter investors.

Hong Kong

Information Technology

- **Hong Kong's information technology sector is scrambling to obtain more trade concessions from mainland authorities as competition builds up in the IT services market in China.** Its leaders in the private and public sectors said they were pursuing increased preferential treatment for Hong Kong's IT services firms in the mainland because the second stage of the Closer Economic Partnership Arrangement (CEPA II) lacked this guarantee. What the Hong Kong government has accomplished so far is a new free-trade agreement that opens the door to a host of new Hong Kong goods and services entering the mainland. Under CEPA II, Hong Kong-registered IT service providers will be allowed to apply for Computer Information System Integration Qualification Certification. Hong Kong also wanted the mainland to recognize the technical qualifications and degrees held by Hong Kong engineers, project managers and other IT professionals. The mainland has about 1,400 certified local IT services companies, a comparatively small number considering the market's size. Hong Kong has about 700 independent software vendors and systems integrators, of which about 43 percent have operations of some sort in the mainland. Research form Gartner said merger and acquisition activities by mainland IT firms – including Lenovo, Digital China and UFSoft – picked up last year to build a formidable group of IT services firms. The China IT services industry consists of three sectors: outsourcing, consulting and systems integration, and technical product support. International Data Corp predicts IT services spending in China will grow about 25 percent a year until 2008, from US$3.728 billion last year.

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Internet

- **Google forged ahead with its news website despite threats of legal action and allegations by local media of copyright infringement.** The controversies arose after the launch of Hong Kong's news. The website for Hong Kong news cites news summaries and uses photos form local Chinese language media, including newspaper, radio and television, and provides hyperlinks to their websites. Google had not sought consent form the newspaper before using its news summaries, which may infringe copyright. There is a possibility of criminal liability under the Copyright Ordinance if a reproduction is carried out for commercial purposes and the party knows that it is an infringement of copyright, a specialist in information technology law said. Google said it was very rare for publishers to ask to be removed from the Google website, which was a convenient vehicle to channel readers to their websites.

Mobile/Wireless

- **To guarantee a successful completion of the planned spin-off of its second generation (2G) phone business, Hutchison Whampoa has agreed to trim the offer's size and is holding talks with "friendly business partners" to buy shares in the unit.** These partners include some of its third generation (3G) mobile equipment suppliers and associates. A source said the partners would take as much as 50 percent of the shares in the unit, while another source said Hutchison had already received sufficient interest for the share offering. The list of the ports-to-telecommunications conglomerate's key suppliers for its global 3G operations include mobile networks supplier Ericsson of Sweden, Korean 3G phone maker 3G Electronics, Japan's NEC Corp and Motorola from the U.S.. NEC has indicated interest in Hutchison's upcoming share sale. Hutchison has bundled its 2G assets in seven countries, and its Hong Kong 3G and fixed-line businesses, into Hutchison Telecommunications International (HTIL) for dual listing in Hong Kong and the United States next month. The Hong Kong-based conglomerate originally valued HTIL at US$5.9 billion and targeted the sale of about 30 percent of HTIL's shares to the public. However, after "unenthusiastic" initial responses from fund managers during pre-marketing meetings, Hutchison has agreed to reduce the valuation of HTIL and the number of shares to be offered. Sources said that as a "compromise" Hutchison was willing to settle for US$5 billion, a sum that could comfortably cover the company's 3G losses this year.
- **Sunday Communications, Hong Kong's smallest mobile carrier, expects operating expenses on third-generation (3G) technology to surge in the second half ahead of the service's launch next year.** This will follow the first-half 3G expenditure of US$28 million, including capital investment of US$15 million and operating expenses of US$13 million. Handset subsidies for the six months to June more than quadrupled to US$13 million from US$3 million in the same period last year. Nevertheless, net profit for the first half rose 37.1 percent to US$18.4 million as operating expenses dropped 16.7 percent to US$265 million. Turnover was down 11.3 percent at US$575 million while average revenue per user fell to US$182 from US$200. Sunday plans for capital expenditure of US$859 million over three years on 3G services after their launch.

Telecommunications

- **The industry regulator in Hong Kong indicated that the VoIP (voice over Internet protocol) technology, which has been creating waves across the global communications landscape in recent years, was likely to get a free rein here, too.** Apart from disrupting the city's fixed line network operators, the move could result in a slew of new communications service packages and lower bills for customers. In recent years, VoIP has received support from organized efforts to adopt sound, fixed-line quality standards for IP Telephony. This has put the technology at a stage where its quality of service has considerably improved to result in more apparent cost savings and newer applications. VoIP now has the potential of being a viable substitute to traditional fixed-telephone network services

- **City Telecom is defending its VoIP technology by inviting consumers to try the service for free.** The move is in response to a letter circulated by dominant carrier PCCW warning of the perils of VoIP phone services. The warning letter came as CTI aggressively promotes a home phone service that rides on the back of PCCW's, or another operator's broadband network, charging users less than 40 percent of that charged by PCCW. The smaller carrier also submitted an investigation report to the telecommunications regulator and government officials claiming that PCCW violated the Telecommunications Ordinance. It alleges that PCCW attempted to block CTI's broadband phone service when it launched in August.

Singapore/Malaysia/Philippines/Indonesia

Hardware

- **In a dramatic demonstration of faith in Singapore's manufacturing capabilities, home-grown IT company eSys Technologies is setting up a major factory here to make personal computers.** In a few years, the plant will be churning out three million PCs a year for the world market. Preliminary work on the plant started last year and production is expected to start by June 2005, creating 200 new jobs. eSys – which used to get its computers made in China but now uses Flextronics in Singapore – will spend S$12 million (US$7 million) building its factory. This is part of S$150 million (US$88 million) it plans to invest locally in the next five years after it received international headquarters status for its operations here. Between now and 2009 it plans to invest in areas like business process outsourcing, research and development, a returns/repairs center, software development, supply chain management and manufacturing facilities. eSys has also clinched a S$50 million (US$29 million) plus deal to supply PCs to leading Mexican telecommunications company Telmex for three to five years. Telmex plans to give these machines to people who buy an Internet connection from it. Telmex initially had an agreement with a major PC maker that was to provide machines for about US$400 a time, but eSys offered the same configuration for US$200 and won the contract.
- **In a unique twist to the global outsourcing trend, a Singapore government ministry has transferred the staff of its technology department to Hewlett Packard under an outsourcing contract.** The ministry said the government stood to save close to S$2 million (US$1.2 million) a year with the move. Twenty-three staffers, comprising 60 percent of its technology department, had joined Hewlett Packard as private employees under the arrangement that went into effect in September. Under the three-year contract, the ministry will outsource its information technology (IT) application, hardware, software and services to Hewlett Packard and the IDA. It was the first time in technology-savvy Singapore that a government ministry has awarded an outsourcing contract to the private sector that includes transferring staff as well.

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Telecommunications

- **Malaysia's largest telecommunications company, Telekom Malaysia, raised US$500 million from the sale of 10-year bonds with the funds going to refinance existing debt and for working capital, a top official said.** The transaction marks Telekom Malaysia's re-emergence in the international debt capital markets since its last US$300 million bond issue in 2000. The offering through Deutsche Bank, UBS and CIMB was priced at 112 basis points over U.S. Treasuries of the same tenure. The bonds carried a coupon of 5.25 percent, paid semi-annually. Telekom Malaysia, which is 65 percent owned by the government, has around 99 percent of the fixed-line market and 38 percent of the wireless market in Malaysia. Moody's Investors Service recently upgraded Telekom Malaysia two-notches to a credit rating of A3 from Baa2, while Standard Poor's reaffirmed it's A-rating on the company.

United States / Canada

Internet

- **Yahoo is buying online jukebox provider Musicmatch for US$160 million in a deal designed to broaden the Internet giant's appeal with the growing audience of consumers who buy songs off the web.** The all-cash acquisition gives Yahoo a major drawing card as it competes against the likes of Apple Computer, Realnetworks and Napster in the rapidly growing field of digital music management. San Diego-based Musicmatch will provide Yahoo with two features that it does not currently offer – an online music store that sells individual songs for US$0.99 apiece and a popular software program that helps manage digital music on computer desktops.

Software

- **Business software giant Oracle said its profit in the fiscal first quarter rose 16 percent to US$509 million due to improving sales of its database software.** The profit in the quarter to August 31 amounted to 10 cents a share, a penny ahead of most Wall Street estimates. Revenues for the period increased seven percent to US$2.2 billion. With the introduction of database for grid computing, Oracle 10g, database new license sales have grown 16 percent, 15 percent and 19 percent in the last three quarters, respectively, according to Oracle. The company is engaged in a bitter takeover fight for rival PeopleSoft, which has spurned offers from Oracle.