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Qualcomm's Strategy in China Wireless Telecom Market

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I. Executive Summary

As the world wireless telecommunication industry evolves toward the third generation, the Chinese wireless market is experiencing an exceptional growth. Among the three major competing 3G standard, CDMA 2000 stands out with relatively timely deployment maturity as its advantage. QUALCOMM, the world's leading developer of CDMA technologies, profits from its technology licensing royalty and chipset sales of its proprietary design. Therefore, its goal is to expand the CDMA market and support worldwide adoption of CDMA 2000 standard.

QUALCOMM sees China as a market with great potential. China's entry to WTO has added to its attractiveness with further growth and easier access. Moreover, winning China will significantly boost its leverage in the battle of 3G standards. However, in the Chinese market, CDMA is a latecomer to GSM, the precursor of WCDMA. QUALCOMM knows it has to mobilize the network operators, application developers and device manufacturers to form a synergy in winning the 3G battle. QUALCOMM has entered a strategic partnership with China Unicom, the smaller player who tries to challenge China Mobile with its high-end strategy. QUALCOMM uses a pull strategy on Unicom by making commitment to the partnership and providing value-added features such as BREW and gpsOne to create a competitive edge. It pushes the manufacturers by

increase their stickiness to CDMA by providing them free BREW and selling them profiting gpsOne chipsets. Meanwhile, QUALCOMM forms alliance with Unicom and Samsung to directly lobby the Chinese government as it recognizes the big role that the government can play in this game. QUALCOMM is active in seeking all kinds of opportunities, including forming more allies and getting a share in the West Development Program of China. On the other hand, QUALCOMM hedges its risks by making itself cautiously open to the other operator China Mobile, developing multimode chipsets and WCDMA patents, transferring its operational risks of staying out of the ITC against the Chinese government to the U.S. Government whose goal is to ensure China's compliance to the WTO regulations.

II. Environmental Scan

QUALCOMM Company Background

Founded in July 1985, headquartered in San Diego with worldwide presence, QUALCOMM is best known as the company that pioneered Code Division Multiple Access (CDMA) technology. QUALCOMM's technologies are licensed to over 100 telecom equipment and consumer electronics manufacturers. It also designs and supplies CDMA chipsets and system software used in network base stations, handsets and a variety of new products. QUALCOMM's Binary Runtime Environment for Wireless™ (BREW™) provides a common platform for different types of wireless devices and applications. QUALCOMM's wireless business solution OmniTRACS system is one of the world's largest wireless data networks. Its Digital Media Group is specialized in digital cinema and highly secured wireless phone networks. QUALCOMM Ventures group drives developments on a broad scale by making strategic investments in other promising companies with key enabling technologies.

World Wireless Trend: Competing 3 G standards

The three main competing standards that ITU approved for the third generation wireless system are (1) European supported W-CDMA, which can be built upon the current GSM systems. (2) U.S. backed CDMA 2000, which can be directly upgraded from the current CDMA systems with low cost. Although CDMA (which leads to CDMA 2000) has a smaller market share than GSM (which leads to WCDMA), CDMA 2000 is much further ahead in terms of product development, commercial deployment and market acceptance. (3) China-invented TD-SCDMA, whose advantages lie in frequency utilization, flexibility and low cost. However, the development for this standard is still lagging behind.

By the end of 2001, South Korea was already offering commercial high quality voice and high speed data services to over 2 million people with the 3G CDMA 2000 1x technology . In addition, this deployment has also happened in United States and many other places around the world.

Competing Wireless Standards in China

The Chinese wireless market has experienced a rapid growth. Currently, there are three internationally approved wireless standards coexisting in China – GSM, CDMA and TD-SCDMA.

GSM standard was the dominant 2G wireless standard with the highest rate of penetration in terms of network coverage and the number of subscribers. The two major players, China Mobile and China Unicom, have 77% and 23% of this market segment respectively. In China Mobile's migration to the 2.5 G GPRS, it is expected that WCDMA will be the result of further upgrade to 3G, if it occurs. Nokia is one of the major advocates for WCDMA.

China Unicom chose to employ QUALCOMM's CDMA technology in 2000 in order to compete with China Mobile in the high-end market. This strategy is supported by MII

with the rationale that more competition will improve the overall performance of this industry. MII has given CDMA licenses to 19 companies for the manufacturing of base station systems and handsets. TCL, Samsung and Motorola are on the list but not Nokia. Since 1997, Samsung has held the largest CDMA handset market share in the world and it plans to take well over 30% of the Chinese CDMA market through its joint venture with Kejian. Motorola has a strong commitment in China, and a large percentage of the cell phones that Unicom purchased are made by Motorola. Shanghai Bell Alcatel CDMA 1x is the first successful commercial application of CDMA 1X system in the world.

TD-SCDMA is developed mainly by Datang, a Chinese company. The Chinese government has pronounced its support for this domestic technology because it means no royalty to be paid to foreigners but by the foreigners if the standard succeeds in the 3G battle ground. In addition, it is also a matter of national pride. Datang has allied with 17 companies to develop designs for TD-SCDMA/GSM dual frequency chipsets and handsets. Siemens has participated in the technology development efforts but it is suspected that Siemens' attitude to TD-SCDMA is to basically hedge technology risks. In a word, TD-SCDMA development is still relatively slow because of lack of funding and other critical resources.

The Chinese Wireless Market

China's wireless industry secured a world number one in 2001 with its wireless subscribers reaching 136 million (source: MII) and surpassing the United States for the first time. This has generated keen excitement and recognition of China as the world's major telecom powerhouse in the decade to come.

China is gearing up for a shindig that will rock the wireless data services sector. According to the Boston, Massachusetts-based research firm – Yankee Group's report, the estimated wireless data services market in China will swell to US\$5.68 billion by the end of 2005 from the \$2.72 million it totaled in 1999. In 2002, MII announced that it

planned to spend US\$120.8 billion over the next 5 years to spur the development of its information industry not only in size but also in the level of sophistication. Financing would be raised from domestic and international capital markets. Both Chinese and foreign investments in the sector would be encouraged.

WTO Accession's Impact on the Chinese Wireless Industry

China entered the WTO on December 11, 2001. Major restructuring of all telecommunications businesses in China is under way. China has made commitment to the Basic Telecommunications Agreement in which it will open its telecommunications sector, in terms of the scope of services and direct investment.

(1) Tariffs on IT products, such as computers, semiconductors, and all Internet-related equipment will fall from the 2001 average of 13.5% to 0% by the year 2005.

(2) China will phase out all geographic restrictions for paging and value-added services in 2 years, mobile/cellular in 5 years and domestic wireline services in 6 years.

(3) China's key telecommunications services corridors in Beijing, Shanghai, and Guangzhou, which represent approximately 75% of all domestic traffic, will open immediately on accession in all telecommunications services.

(4) China will allow 49% foreign investment in all services and will allow 50% foreign ownership for value added paging services in two years; for mobile services, 49 percent in 5 years; and for international and domestic services, 49% in 6 years.

Sino-American Relations: Political Consideration in CDMA expansion in China

Although the introduction of CDMA technology is to introduce more competition to the Chinese telecom market, the prospect of the U.S. based CDMA is still under the influence of Sino-American Relations. In 1999, Unicom-QUALCOMM negotiation was suspended when U.S. bombed the Chinese embassy in Yugoslavia. In April 2001, when Unicom was inviting public bidding for its CDMA equipment, the U.S. EP-3 plane hit the Chinese plane over the South China Sea. Then there was an obvious delay in the announcement of results and even a rumor of suspension. In May 2001, at the Fortune Forum, Jiang Zemin

said he cared about the development of CDMA in China. QUALCOMM's CEO was at the Fortune Forum as well. On the same day, WCDMA-supporting Ericsson's president visited the relevant Chinese agencies. Datang, the company that invented TD-SCDMA, was at the same time involved in the alleged theft of Lucent's source code. Therefore we can see political elements play out in the Chinese wireless market development. A good Sino-American relationship will benefit QUALCOMM. However, it is believed that the market is becoming more and more apolitical when China is liberalizing its economy with deregulation.

Major Relevant Developments in Move I

China Unicom has reached an agreement with Motorola to upgrade its CDMA 1x (2.5G) network. In addition, China Unicom has negotiated a \$14.5 billion subsidy from the Chinese Government and MII to expand telecom in the non-coastal areas and Motorola is one of the main beneficiaries of these contracts. Motorola, Alcatel, Nokia, Samsung and Alcatel have formed an International Telecommunications Coalition (ITC) to enhance their negotiating power in dealing with the Chinese Government. Nokia has formed up agreement with the Taiwanese manufacturing consortium, who is willing to provide production capacity for all comers, especially Unicom. Nokia has also made arrangements for easy financing position for China Mobile and Unicom. Goldman Sachs and HSBC invented "X share" to allow outside investors to diversify their exposure in the China telecom sector. Alcatel basically pursued a relationship building strategy. U.S. Government is concerned with China's WTO compliance and U.S. national security technology leakage. Its position on China's 3G standard adoption is to let the market decide although it supports the activities of U.S. companies.

Qualcomm has struck deals with Motorola and Samsung in which they will produce gpsOne CDMA handsets based on BREW platform technology. Qualcomm will provide them with related technologies and/or chipsets. Motorola will pay QUALCOMM license fee in its upgrading of China Unicom's CDMA 1X infrastructure. At the end of Move I,

Qualcomm, Unicom and Samsung submitted a joint memo to the Chinese government and MII to lobby them to adopt CDMA 2000 as the 3G standard.

QUALCOMM's Business Model and Goals

In the context of the game, Qualcomm has two main sources of revenue and profit. (1) As the world's leading developer of CDMA technology and holder of over 1900 patents, QUALCOMM gains its revenue from license fee and royalties. License fee is a payment a manufacturer makes to QUALCOMM when it chooses to use CDMA technology and royalty is the fixed percentage of the average sale price of CDMA handsets times the sales quantity. The company has authorized over 100 third party companies to design, manufacture and sell products utilizing its CDMA technology. (2) Qualcomm is also a provider of critical CDMA chipsets. It boasts a 90% share of such market worldwide with the best price/performance ratio. Qualcomm has the proprietary designs but has outsourced the production to some Taiwanese, who share with QUALCOMM the chipset sales revenue.

Therefore, QUALCOMM's goal is to expand the CDMA market and support worldwide adoption of its CDMA 2000 standard. Over the long term, QUALCOMM's growth is fueled by its continuing investments in research, development and entrepreneurial activities. Also taking complimentary causes, QUALCOMM is driving the convergence of wireless access and data applications with the synergies of its chipset designs and BREW platform. Ultimately, the growing popularity of wireless data services will fuel increasing demand for CDMA, with its superior spectral efficiency and throughput.

III. Core Strategy

Strategies in Move I:

QUALCOMM has basically employed a pull-and-push strategy to achieve its goals with its alliances in Move I.

(1) Pull Unicom, the Wireless Operator

QUALCOMM is the second mover in the Chinese market where GSM has already pre-empted and acquired a significantly large customer base and market share. On the other hand, the Chinese government has not made clear which 3G standard to adopt. QUALCOMM needs to deploy CDMA timely and aggressively in China in order to profit from the Chinese market and win the 3G battle in CDMA 2000's favor. China Unicom is QUALCOMM's cutting point to access the Chinese market. As the weaker player in the GSM wireless, Unicom wants to create its own competitive edge by betting on another technology. This competition is encouraged by the Chinese government and MII for the purpose of market efficiency. Therefore, a successful partnership between QUALCOMM and Unicom is strategically important and beneficial to both companies and even to the Chinese Government.

In pulling Unicom to success, demonstrating the advantages of CDMA and steering China to CDMA 2000 as the 3G standard, QUALCOMM has made great commitment to China Unicom. In July 2001, QUALCOMM established a CDMA R&D Center in Beijing. The CDMAOne (2G) system was officially launched by Unicom in early 2002. At the end of the same year, QUALCOMM and Unicom established a joint venture committed to fostering a domestic BREW developer community and push for the development of CDMA 2000 network. Unicom commercially launched this BREW-based service in the first quarter of 2002.

QUALCOMM's leverage lies in superior technology that helps Unicom implement its high-end strategy. CDMA per se is advantageous over GSM with its lower radiation, higher capacity and better voice quality. But BREW and gpsOne are the central factors in order for Unicom to achieve its goals of larger number of subscribers and more importantly, higher APRU (average revenue per user).

BREW is an end-to-end solution for wireless application development and delivery. This breakthrough platform of BREW provides a standard framework that supports the development of applications that users can download wirelessly to their BREW-enabled handsets. It is also a business model for monetizing wireless networks by driving demand for high-speed wireless application. The deployment of services based on BREW in South Korea has turned out a great success.

GpsOne is a hand-set based solution, i.e. personal location system for mobile handsets. The ever-increasing worldwide demand for wireless position location technology and the deployment of gpsOne-enabled devices and services across multiple markets have created new opportunities for manufacturers and operators. The excellent position location capabilities offered by the gpsOne solution enable a wide variety of safety- and service-related applications that are both practical and important to consumers. As of May, 2002, over one million subscribers have been served by gpsOne-enabled devices worldwide.

Given China's booming growth in the wireless market not only in the size but also in the quality, BREW and gpsOne will help Unicom not only satisfy demand but also drive demand.

QUALCOMM is glad to see that Unicom and Motorola have struck a deal to upgrade the CDMA One network to CDMA 2000 1x. Consequently, QUALCOMM has made arrangement with Motorola in which Motorola can use the CDMA technology to implement the upgrade. What QUALCOMM gains from this project goes beyond the license fee from Motorola. More importantly, QUALCOMM sees this lock-in of investment as a step further in securing the commitment of both Unicom and Motorola to CDMA 2000 in the 3G standard battle.

(2) Push Samsung and Motorola, the Manufacturers

QUALCOMM has entered agreements in which Samsung and Motorola will produce gpsOne CDMA handsets based on BREW platform technology. QUALCOMM is making efforts pushing them further along the road to CDMA 2000.

Developers are truly unleashing the power of the wireless Internet with new applications and content thanks to the new wireless application development platform BREW. QUALCOMM's Developers Alliance Program adds to the versatility and attractiveness of BREW applications. BREW is an independent interface that can run over GSM/GPRS/WCDMA, CDMAOne and CDMA 2000, which means great flexibility. But only when BREW is running on CDMA family technologies, its features are the richest. In addition, what makes the deal extremely attractive to Motorola and Samsung is that QUALCOMM let them use BREW technology for free on the condition that they produce CDMA handsets and pay royalties around 5% of the average selling price. This move significantly increases the manufacturers' stickiness to CDMA.

To produce gpsOne-enabled handsets, manufacturers have to purchase QUALCOMM's MSM5xxx series chipsets. This kind of chipsets is about \$5 more than those without this function. Since gpsOne is well received by the market, Motorola and Samsung have enough incentive to produce such value-added models of handsets. Therefore, this chipset business is very profitable for QUALCOMM.

QUALCOMM knows it has to mobilize the network operators, application developers and device manufacturers to form a synergy in winning the 3G battle. In the same time, it is also aware that it should directly approach the Chinese government and MII to increase the probability of victory.

Strategies in Move II:

QUALCOMM is ready to roll out its development further while the hedging of risks is also embedded in its strategies.

(1) Further Development

At the end of Move I, QUALCOMM, Samsung and Unicom has submitted a joint memo to Chinese GVT and MII as a lobbying effort to persuade them to adopt CDMA 2000 as the 3G standard. In the memo, we have expressed our commitment to the development of Chinese wireless industry. We have also provided an unbiased account of CDMA 2000's technological advantages and commercial readiness over WCDMA and TD-SCDMA. As the Chinese Government has expressed support for the domestically developed TD-SCDMA, we have chosen careful wording to remind them of the infeasibility of TD-SCDMA without hurting its pride. We have also demonstrated that substantial investment and development has been made in CDMA 2000 in China and to abandon all these efforts will be a terrible and irrational waste. Although the U.S. Government is willing to assist U.S. companies to succeed in the Chinese market, it has refrained from overtly helping promoting a certain standard. As a result, U.S. Government has not been able to provide its signature on the memo. However, QUALCOMM believes that, as an influential American company enjoying a good relationship with the U.S. Government, and also as a friendly American business that affected positively in China's accession to WTO, QUALCOMM can still exert its political clout to certain extent in the dealing with both governments. In Move II, we would expect more consultation and negotiation with the Chinese Government and MII so as to enhance the likelihood of CDMA 2000 as the 3G standard. If the WCDMA advocator such as Nokia takes an arrogant attitude in the relationship-management with the governments (as shown in their presentation), we are all the more confident that CDMA 2000 is more likely to win.

Unicom is required by the Chinese government and MII to develop the West and QUALCOMM sees that as a great opportunity to explore. QUALCOMM would give incentives and pressures to roll out CDMA network there. Given the underdevelopment of those provinces, QUALCOMM does not expect it to be 3G network but 2G. Locked-in

investment in 2G and a Chinese government satisfied would mean high probability of adopting CDMA 2000 as the 3G standard in China.

In order for China Unicom's ambitious plans to become reality, a huge amount of investment is needed. How China Unicom finances itself will be of critical importance. Subsidies from the Chinese Government for the West Development are not enough. Probably Unicom will work with investment banks to raise money. QUALCOMM will closely observe the development of this issue to ensure the cooperation with Unicom will not be disrupted because of financial difficulty.

In Move II, QUALCOMM has got in touch with TCL and reached a similar agreement to those with Motorola and Samsung. TCL will produce gpsOne CDMA handsets based on BREW platform technology. This adds to the revenue and leverage of QUALCOMM. The Chinese nature of TCL hedges for QUALCOMM against the risks of only having foreign manufacturing partners (Samsung and Motorola) although the probability that China will only allow domestic companies to produce handsets is extremely low.

Alcatel has expressed interest in CDMA in Move I but has not established a formal relationship with QUALCOMM. Alcatel will be an important strategic partner for its capability as infrastructure equipment supplier. Its good relationship with the Chinese Government will also be a plus. QUALCOMM is also ready to talk with Hong Kong Hutchinson Whampoa and Taiwan business to see their intent and seek common ground for cooperation.

(2) Hedging Strategies

With regard to strategic partnership, the other big player China Mobile has tentatively contacted QUALCOMM on CDMA 2000 but has not disclosed its intention in Move I. QUALCOMM is open to talk with them in Move II. QUALCOMM envisions that China Mobile might be interested in CDMA 2000 in a certain degree as their hedging strategy.

QUALCOMM is open to talk with China Mobile as well also mainly as a hedging strategy. In case Unicom finally does not work out, cooperation with China Mobile will ensure QUALCOMM does not totally lose ground. But in the current situation, QUALCOMM will be very careful in its talk with China Mobile so that it will not undermine its strategic partnership with Unicom.

With regard to technology, QUALCOMM is also hedging its risks. The global roaming multimode chipsets Qualcomm is developing is compatible with GSM/GPRS and WCDMA. BREW can work across platforms, including GSM/GPRS and WCDMA. Among the 115 Qualcomm licensees, approximately 55 are currently licensed for WCDMA. A very large proportion of QUALCOMM's engineering efforts are on WCDMA chipset and multimode chipset. Although this compatibility means to attract converts from the opposite camp by providing an easy and smooth transition and manifest CDMA 2000 advantages, it is also a technology hedging strategy.

With regard to operational and political risks, QUALCOMM did not join the ITC that the multinational companies formed in Move I as an effort to increase their bargaining power in dealing with the Chinese government. QUALCOMM does not see itself primarily as a manufacturer so the manufacturing risks that ITC mainly tries to manage are not as significant for QUALCOMM. QUALCOMM is concerned that the Chinese Government might interpret this coalition as hostile. Since it is lobbying the Chinese Government for favor, QUALCOMM deems that the participation in the coalition would undermine its efforts and tarnish the good image of QUALCOMM as a committed and friendly American business. Therefore, QUALCOMM did not join the ITC but reserves the right to join later. However, QUALCOMM will not allow its operational and political risks go uncovered. Since China is operating in the WTO milieu and U.S. Government is always trying to make China conform to the WTO regulations, QUALCOMM will utilize this effect.

IV. Net Assessment

In the dynamics of the Chinese game, evaluation of the interaction of all but not limited to the following factors will be important in the making and adjustment of QUALCOMM's strategies: how successful the QUALCOMM-Unicom partnership will be, how the competition among the natural manufacturing alliances of CDMA and other standards changes the 3G picture both in China and worldwide, and how the Chinese, US and EU governments act according to their national interests in economy and security under the integrated regulative environment of WTO, etc. The future technology breakthrough and the condition of the world economy will also affect QUALCOMM's strategies in the broad sense.

Strategic Importance of Chinese Wireless Market and China Unicom to Qualcomm

China promises as the world's major telecom powerhouse in terms of both its market size and the leverage in the battle for 3G standards. Given its size, what China will adopt as the mainstream 3G standard weighs significantly in the competition of 3G standards worldwide. Therefore, Qualcomm must secure a firm position in the Chinese market and try its best to lead China in the direction of CDMA 2000.

Under this circumstance, China Unicom stands out as the perfect target that QUALCOMM would like to pursue a partnership with in order to secure its foothold in the Chinese market. The motivation of China Unicom to beat China Mobile in the wireless market created for QUALCOMM, the latecomer, a perfect opportunity to enter China, as it is able to arm China Unicom with technological and marketing competitiveness. The ultimate success or failure of China Unicom's deployment of CDMA technology in China would be critical to QUALCOMM's overall growth in the future. The Pull strategy that QUALCOMM employs towards China Unicom is to assure maximum probability of success of the QUALCOMM-Unicom partnership. Though QUALCOMM's initial bet only on one Chinese operator seemed risky, it provided

QUALCOMM with an easy entry and opens up opportunities for future cooperation with other parties. In the long run, given the gradual deregulation of China's wireless market resulting in more competitors in the marketplace, the Pull strategy will extend to include other parties as long as they advocate CDMA technologies. Opening conversation with China Mobile is an evidence of QUALCOMM's hedging strategy as well as long-term strategy in case China Unicom loses ground.

WTO Accession Implications For QUALCOMM In China

The agreement that China has signed in the telecom sector upon its WTO accession will further facilitate QUALCOMM's Pull/Push strategy.

(1) Domestic wireless handset manufacturers would be encouraged to sign contracts with QUALCOMM. The gradual elimination of import tariffs will enable domestic manufacturers to import CDMA chips at lower price, thus reducing their production cost and sales prices.

(2) There will be a legitimate and wider ground for QUALCOMM to expand BREW to China, as the geographic restrictions on value-added services will be gradually lifted up.

(3) The fully opened-up markets in the three major cities, that have the richest population with highest education level in China, would fall in line with QUALCOMM's and its partner – China Unicom's strategy targeting high-end users.

(4) With the increasingly allowed share of foreign investment in wireless sector, QUALCOMM could better touch pulse on local demands by localizing its R & D capabilities, as well as have more decision power in the joint ventures.

Leveraging Governments in the 3G Standard Competition in China

China has not decided which 3G standard to adopt for the wireless business yet and major players are betting on different standards. Given its traditional elements of planned economy existing in its market economy, China will weigh the pros and cons of different standards and decide which one will bring the largest ultimate benefit for its national industry and economy. As the future of each 3G standard is still not clearly laid out,

anyone of them could allure investors to bet on it as long as it is able to demonstrate superiority and feasibility. In light of this situation, QUALCOMM is trying to line up alliances to endorse CDMA 2000 and convince the Chinese government and the MII of CDMA 2000's technological advances, so that CDMA 2000 would be selected as the 3G standard in China or at least more 3G operator licenses for CDMA 2000 would be issued in the future. The memo prepared by QUALCOMM, China Unicom and Samsung is one of such endeavors.

Moreover, the Sino-US relation would be another leverage that QUALCOMM can play to influence China's decision on the 3G standard. It is in the interest of the U.S. government to promote and protect the business of American corporations overseas, such as China. Although U.S. Government refrains from directly advocating CDMA 2000 in China, its support of QUALCOMM as an American business will have the similar effect. In addition, U.S. government's effort in ensuring China's compliance with the WTO agreement in the telecom sector would provide QUALCOMM a more disciplined and better business environment to operate in.

Technology-wise

The competition in the 3G standard is fierce and there is no clear answer to the question which standard will ultimately prevail. If QUALCOMM put a single focus on CDMA 2000, it would pose high risk to the company's future. This is why QUALCOMM has already deployed the hedging strategy of putting a large proportion of QUALCOMM's engineering efforts on WCDMA technology and multimode chipset.

IV. Final Conclusions

QUALCOMM's success in the China market is of great strategic importance to its growth worldwide. In order to achieve this success, such factors/relationships as partnership with China Unicom, China Unicom's success in deploying CDMA technologies, China's

regulatory environment in telecom sector and its decision on 3G standard, China's abiding with WTO agreement and Sino-US relationship are taken into consideration when QUALCOMM devises its strategy in China. Within the business circle, QUALCOMM adopts the Pull-and-Push strategy to create an ecosystem in which more and more parties advocate CDMA technologies. In the political regard, QUALCOMM is carefully maneuvering through Chinese regulatory bodies and tactically wooing the favor of CDMA 2000 from them. Moreover, QUALCOMM has a broad vision of the global economic and political environment and leverages the potential opportunities to bolster its business in China and beyond.