

Chinese IT company uses Belt and Road opportunities to expand internationally, serve global needs

By **OUYANG SHIJIA** in Beijing and **ZHOU LIHUA** in Wuhan

Fiberhome Technologies Group, a State-owned enterprise or SOE specializing in IT and telecom products and solutions, is deepening its overseas operations to quicken its growth momentum.

"We have seen multiple opportunities in the global IT and telecom markets, especially in countries and regions participating in the Belt and Road Initiative," said Yu Shaohua, vice-president of Fiberhome and an academician of the Chinese Academy of Engineering.

After decades of development, Fiberhome, based in Wuhan, in Central China's Hubei province, has made a name, and money, for itself.

Controlled by the State-owned Assets Supervision and Administration Commission of the State Council, Fiberhome has held the top spot in optic fiber cable exports for the past six years.

Last year, it ranked among the world's top five opto-electronic device companies in terms of annual revenues and top four enterprises globally in income from optic fiber cable sales. It also ranked fourth in optic fiber network globally.

Currently, the company exports products to more than 90 countries and regions, including Malaysia, Thailand, Russia, Spain, France, Germany, the United States and Peru.

Yu said the group's revenue was around 36 billion yuan (\$5.64 billion) in 2017, compared to 16 billion yuan in sales in 2012.

"We've seen a significant increase of 20 billion yuan (in sales revenue) over the past five years, among which more than one-fifth comes from overseas markets," Yu said.

Fiberhome now wants to expand more into emerging markets where it sees a lot of potential for growth — particularly in countries and regions participating in the Belt and Road Initiative, as communication infrastructure is less developed there.

"We aim to generate more than 50 billion yuan in revenues in the next few years, and revenues from overseas markets are expected to account for a larger proportion of the total," Yu said.

To realize its ambitious goal, the group is looking not just to expand internationally but to focus on facilitating localization in overseas markets.

Fiberhome said it would set up more offices and service networks globally as well as hire more salespeople to better serve the global needs.

Proposed by China in 2013, the Belt and Road Initiative is aimed



A staff member of Fiberhome Technologies Group introduces products to a customer at an exhibition in Singapore. PHOTOS PROVIDED TO CHINA DAILY

Wiring the world



Research and development staff of the Indian unit of Fiberhome Technologies Group test products in New Delhi, in 2017.

at creating a trade and infrastructure network connecting Asia with Europe and Africa along the ancient Silk Road routes.

For Fiberhome, the initiative could open doors to many markets outside China. Trade between China and other markets related to the Belt and Road reached \$786 billion in the first three quarters of last year, up by 15 percent year-on-year.

Chinese businesses directly invested \$9.6 billion in economies related to the initiative, up almost 30 per-

cent year-on-year.

Deborah Lehr, CEO and founding partner of Basilinna, a US-based strategic business consulting firm, said as more Chinese companies are ramping up efforts to expand globally, they need to be aware of the challenges ahead as well.

"For the large infrastructure projects, the biggest issues are political risk and how participants find measures to mitigate against foreign exchange risk. Any fluctuations in foreign exchange can eradicate the

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returns, or government changes can have an impact."

Yu of Fiberhome agreed, adding that the Belt and Road Initiative actually helps mitigate risks for Chinese enterprise to expand globally. China's influence is expected to grow in the next few years on the back of the Belt and Road, he said.

"Because of the initiative, many countries now have a better understanding of China. And a growing number of Chinese companies are targeting the Belt and Road econo-

mies, which will help increase China's presence globally."

Nick Tubb, Asia-Pacific general manager for Ingenico ePayments of France, said as Chinese companies continue to expand globally, they must continue to be more aware of the cultural challenges in overseas markets.

"In order to develop in the overseas markets, they need to better understand consumer behaviors and real needs."

Fiberhome has done precisely that and intends to continue in that vein. To cope with the challenges, the company has set up factories and offices in overseas markets based on the local clients' specific needs.

For example, it has a fiber cable factory in South America and opto-electronic device factories in Europe to cater to local markets' specific needs.

Now, Fiberhome is striving to transform its IT and communication technologies involving cloud infrastructure, cloud applications and digital life, while continuing to gear up to be more competitive in the optical communication market globally.

"We'll mainly pursue optical communication growth in overseas markets, and hope the overseas business will become a key driving force for our future growth," Yu said.

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