

DRIVE REFORM BY INNOVATIVE DEVELOPMENT

Innovation is the primary power to promote development. China Unicom always places innovation in the core position of overall business development of the Company. In 2016, the Company comprehensively implemented “Internet +” action plan, sought for breakthrough in such new fields as cloud computing, big data and Internet of Things, focused on eight key industries to push forward industrial Internet development, actively promoted network evolvement and restructuring, innovated commercial mode for Internet enterprises, and vigorously advanced system and mechanism reform and management innovation. We also set up the “innovation and venture” platform, and provided powerful support to promote public venture and innovation.

Measures adopted in 2016

- Focused on pushing forward the reform to motivate junior staff in fundamental businesses, and promoted classified management of subsidiaries and market-oriented reform in innovation businesses;
- Set up an “innovation and venture” platform, initiated “WO Maker” programme to support employees to start business; 35 projects entered incubator;
- Implemented simplification of administration and power delegation, and checked, sorted out and optimised rules, systems and powers;
- Provided packaged informatisation application services in fields such as ICT, IDC and cloud computing, Internet of Things and big data;
- Set up 7 industrial Internet bases and 9 incubators in eight hot industries, and acquired a batch of large-scale “Internet+” projects.
- Achieved leading position in total bandwidth of international marine and land cables in Asia-Pacific, newly developed 22 operator customers in countries along the “Belt and Road”, and achieved full coverage of operator business in ten ASEAN countries.
- Carried out forward-looking technology research with focus on 5G, SDN/NFV and IPV6, released five ITU-driven standards, and launched into applications of a series of technological innovation achievements.

Actions in 2017

- Sustainably deepen reform to motivate junior staff, explore system and mechanism reform in innovative businesses, and build lean and efficient management team;
- Leveraging specialised subsidiaries and application bases, improve R&D ability for products in Internet of Things, cloud computing, big data and “Internet+”, and launch more diversified informatisation application services.
- Enhance the integrated operation of the international business, strengthen the effective synergy between international and domestic businesses to improve overseas market expansion ability and serve the development of the “Belt and Road Initiative”;
- Closely monitor 5G standard and industrial development, and gradually carry out technical experiments and network tests in key cities.

BUILD INNOVATION SYSTEM

Push forward market-oriented reform of subsidiaries

China Unicom implements classified management, authorisation and evaluation for subsidiaries with innovative business. We apply different management modes according to the different circumstances of each subsidiary in the innovative business, and promote alignment of responsibilities, power and rights. We not only provide innovative business subsidiaries with adequate nurture, but also offer space for them to grow, so as to help them become real market participants. We procure that Zhiwang Technology Co., Ltd. and WO Store Technology Co., Ltd. uphold the governance of the board of directors, and established operation and management decision-making mechanism centring at “(general meetings of) shareholders – board of directors, (board of) supervisors – operation and management level”. Meanwhile, the Group delegates special powers in investment, financing, employee compensation and marketing, and gradually establishes a market-oriented operation mechanism which features distinct ownership, clear powers and responsibilities, independent operation and self-financing of profits and losses.

Explore the PPP mode

In order to achieve competitive advantages in the industrial Internet market, China Unicom tests the implementation of the PPP mode. The core purpose of PPP mode is to seek business franchise rather than pure participation in market competition, to seek actual control over operation rather than pure gain from financial investment, and to seek long-term operating income rather than short-term profits from projects. By building a national “Internet+” top level project design team, focusing on project implementation demand in third- and fourth-tier cities, and establishing an integrated team of “top level project design + implementation solution + system integration + service provision”, China Unicom can meet differential demands of various local governments. In the future, pilot tests will be carried out in some provincial regions gradually.

Note: PPP (Public-Private Partnership) refers to the long-term partnership between the government and social capital where profits and risks are shared by means of franchise, service procurement or equity cooperation, etc. in order to enhance the ability to supply public goods and services, and to increase supply efficiency.

