

# **Standardization and Innovation In Trade: Balance is the Word**

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# The Innovation Engine

## Innovation

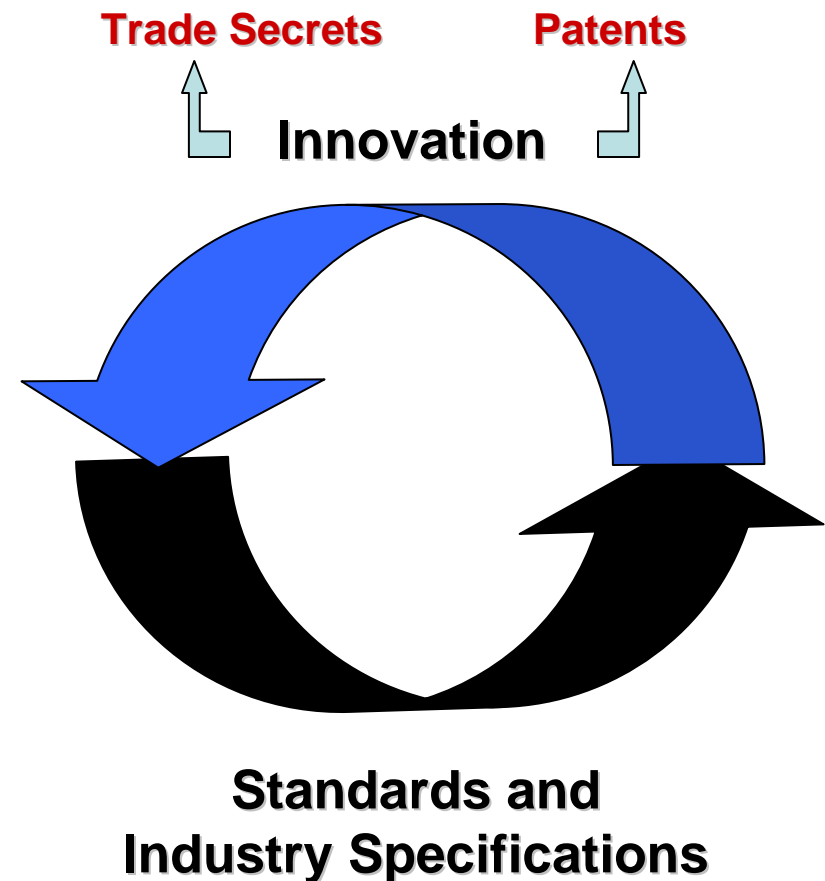
- Investment drives innovation
- Innovation creates new IP
- IP enables new products or technologies
- Sales create economic returns
- Reinvestment of returns in R&D sustains innovation

## IPR protection

- IPR laws protect ability to earn economic returns from IP
- IPR laws are critical for new market entrants (SMEs)

## Standards drive growth

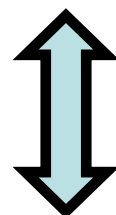
- Help establish interoperability of competing products
- Simplifies development by defining a minimum set of common requirement
- Helps enables business opportunities



# Standards Dynamics: Market Driven

## Innovator / Tech Leader

- Develops or Acquires IP
- Risk – Huge R&D Costs

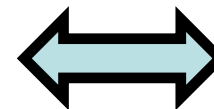


## Implementer

- Implements Std in Product, Service
- Risk - costs



MARKET PLACE



## Customer

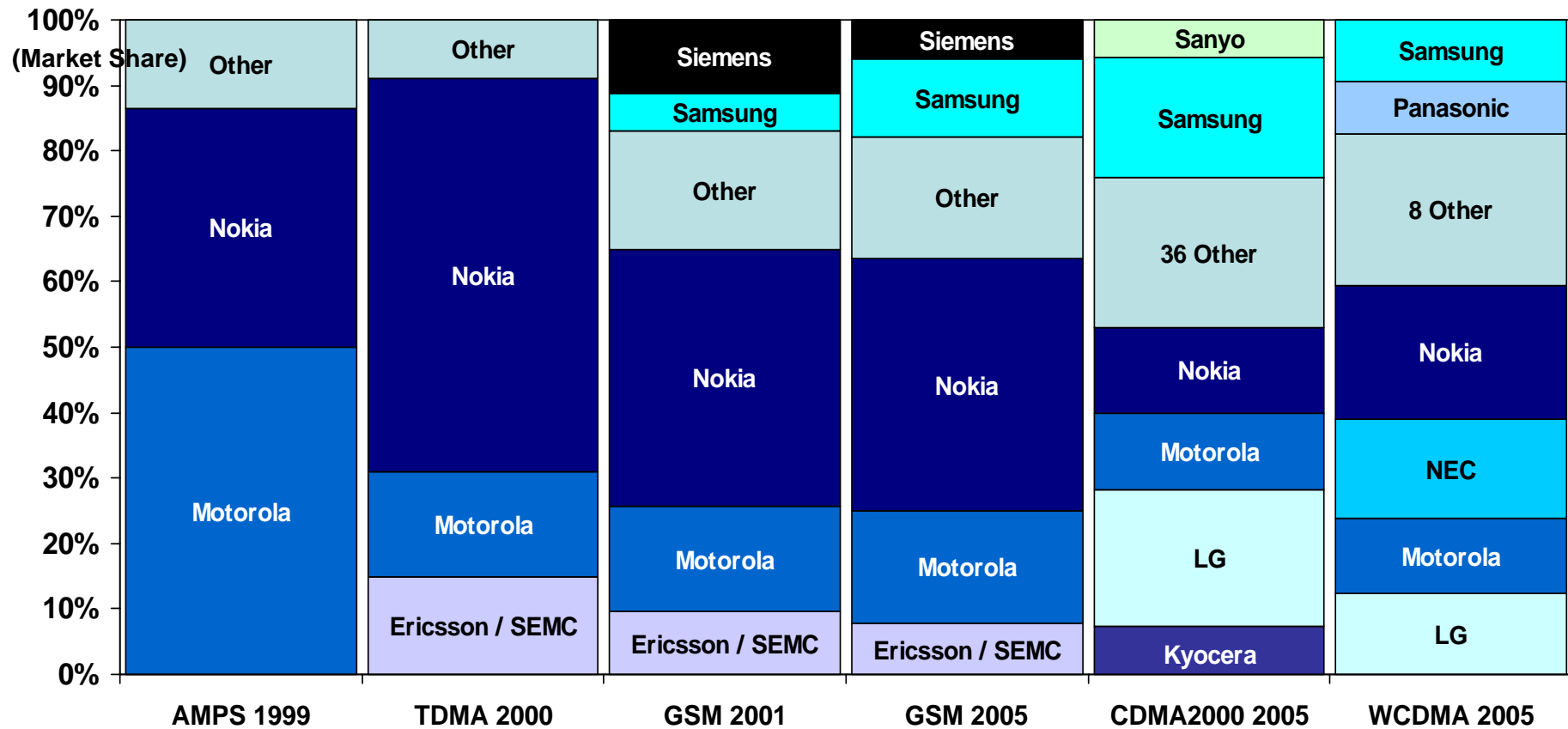
- Product Choice
- Risk - Sales Price



## Standards Organization

- Organize Stakeholders
- Foster adoption by consensus
- Balance all company interests
- RAND Expectations

# Increasing Handset Competition in 3G



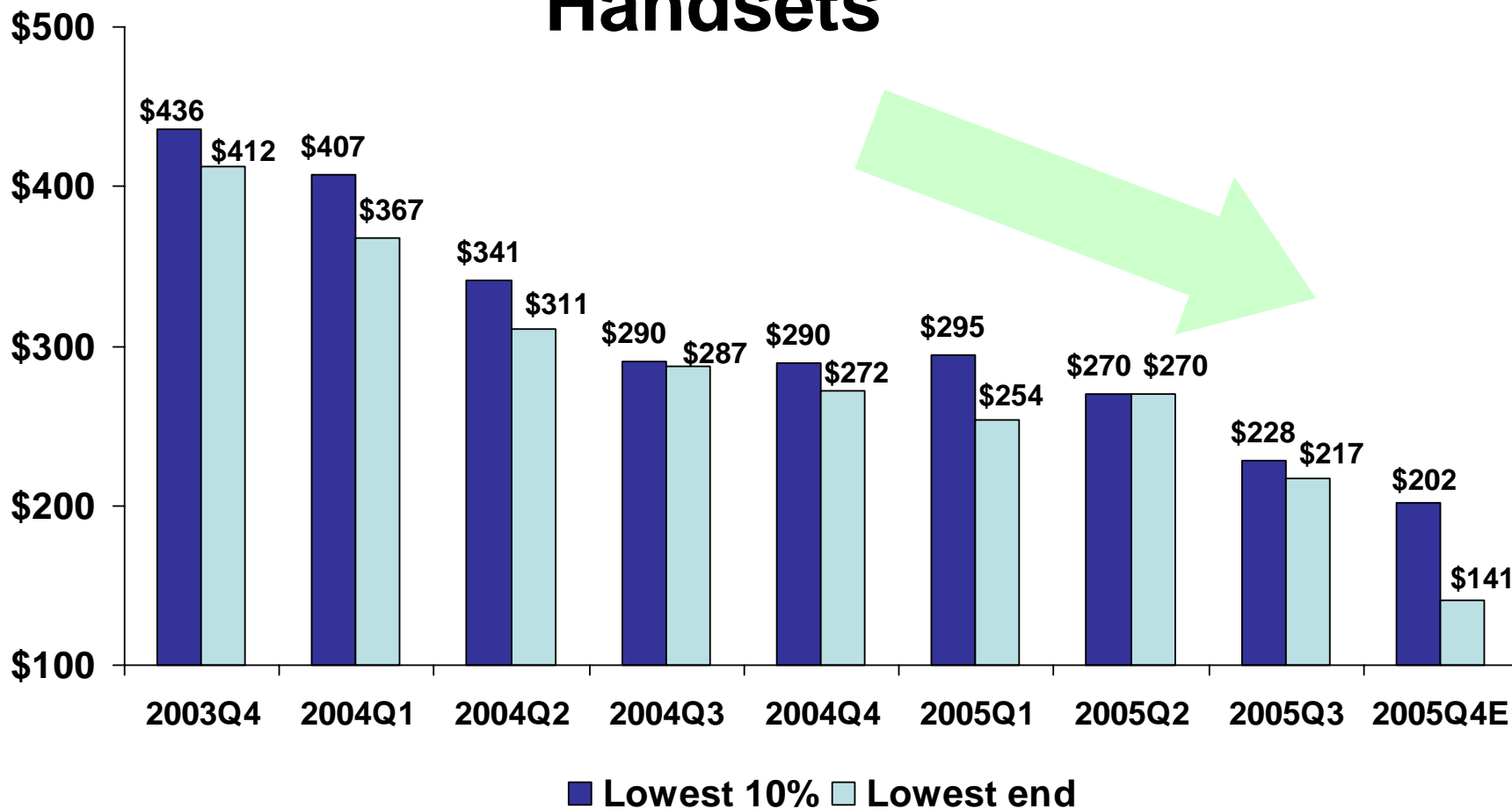
- Large number of handset OEMs creates a competitive environment for 3G

Note: Vendors with a market share under 5% have been placed in the “Other” category

Sources: Analog & TDMA – Gartner Group, 2000; CDMA, GSM & WCDMA – Strategy Analytics, 2006

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# Lowering the Cost of WCDMA (UMTS) Handsets



Note: WCDMA Phones Sold per Calendar Quarter; lowest end sold in quantities of approx 50,000 units or higher  
 Note: Data derived from licensee reports. Does not include modules.

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Source: QUALCOMM Incorporated

# Innovation Leadership

“I don’t consider Americans to lead innovation – but they’re the best at *taking innovations to the market*. Another success factor is the *huge, integrated domestic market*.”

Jan-Eric Peters, Editor, Die Welt  
(Newsweek, June 26, 2006)



**Thank You**

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