Digital Silk Road: opportunities for business growth in Kazakhstan

30th May 2019

Ljubica Draskic
VP Europe Sales
Agenda

- Who we are?
- CPC in Asia Pacific
- CPC in Europe
- BRI & Digital Silk road
- Digital Transformation
CITIC Group ranks **149** in 2018 Fortune Global 500
- Revenue of US$61.4 Billion
- Profits US$3.2 Billion

Our parent company – the CITIC Group

CITIC Group Corporation

- Financial Services
- Resources & Energy
- Manufacturing
- Information Services
- Real Estate & Infrastructure
- Engineering Contracting
- Others Business

CITIC TELECOM CPC
Telecoms in the CITIC Group

- CITIC Networks
  - China Express Fibre No. 1

- Asiasat
  - CITIC
  - CITIC TELECOM INTERNATIONAL
  - CITIC TELECOM CPC

- CTM
  - China fibre network

- CITIC TELECOM INTERNATIONAL HOLDINGS LIMITED
  - Full service in Macau
  - Wholesale Voice/SMS
  - ICT Services
## Introducing CITIC Telecom CPC

<table>
<thead>
<tr>
<th>Established</th>
<th>CITIC Group acquired PSINet HK and created CPCNet in 2001</th>
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<tbody>
<tr>
<td>Ownership</td>
<td>100% owned by CITIC Telecom International Holdings Limited</td>
</tr>
<tr>
<td>No of Employees</td>
<td>~ 1,000</td>
</tr>
<tr>
<td>No of Offices</td>
<td>※ China 11  ※ Asia Pacific 7  ※ Europe 8  ※ North America 1</td>
</tr>
<tr>
<td>Network Footprint</td>
<td>※ Asia-Pacific  ※ Europe  ※ North America</td>
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A trusted ICT Services partner, with a unique network footprint and a comprehensive ICT solutions suite
One-stop Shop ICT services model

DATA CENTER
ISO 9001 / ISO 14001 / ISO 20000 / ISO 27001 / ISO 27017

CLOUD COMPUTING

NOC

COC

SOC

NETWORK
CONNECTIVITY
CLOUD DATA CENTER
SECURITY

SmartCLOUD

Compute
Mail
VC
EHS
TAB
BRR
daaS

CITIC TELECOM CPC
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1. Circuit from Almaty direct to China under planning

2. Connections can be made to other ‘Stan’ countries from Almaty

CPC Network in CIS countries
Connecting the World to Digital Silk Road

Worldwide network coverage in over **130 countries** in Asia Pacific, Europe & Russia, America, Middle East, Central Asia, Africa, Asia, South Asia, and Latin America.

**Backed by world-class Infrastructure**
- **30** Internet Data Centers
- **18** Cloud Centers
- **2** SOCs

**Provides services to nearly** **13,000+ customer sites**

**Over 140 Points of Presence (PoPs)**

**Globally 500+ Professional engineers & security**

World network coverage in over 130 countries across Asia Pacific, Europe & Russia, America, Middle East, Central Asia, Africa, Asia, South Asia, and Latin America.
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CPC PoPs in China

> 80 PoPs in total, new POP cities added every year
CPC core network supported by CITIC Networks

- Formerly known as the China Express No. 1 Network
- Self-owned national backbone network
- The only Basic Network Element licensed in China other than the incumbents
CPC Licenses in China

- Nationwide IP VPN License
- Call Center License
- ISP License
- IDC License
- MIIT approved member of CDTIA

(licenses held by China Entercom, a CITIC Telecom CPC entity in China)
Other CPC PoPs in Asia Pacific

Existing PoP
PoP under planning

Cities and locations mentioned in the image:
- Tokyo
- Seoul
- Manilla
- Taipei
- Hanoi
- Ho Chi Minh
- Hong Kong
- Taichung
- Yangon
- Phnom Penh
- Bangkok
- Kuala Lumpur
- Singapore
- Jakarta
- Sydney
- Melbourne
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Jyrki Katainen, Vice Pres EU Commission redefined the goal: improving connectivity by infrastructural investment agreements in Eurasia.

PRC President Xi Jinping launched The Silk road economic belt and the 21st-century Maritime Silk road OBOR later BRI.

Chinese companies' non-financial direct investment in 56 counties participating in the initiative stood at US$15.65bn in 2018.

Jyrki Katainen, Vice Pres EU Commission redefined the goal: improving connectivity by infrastructural investment agreements in Eurasia.

Italy has become the first G7 economy to sign up to China’s global investment program.

1900 Projects

Impact on 4.9 B people, 65% of Global GDP
Kazakhstan and its strategic location for “BRI”

- BRI as trigger for European interest in Asia
- Countries along BRI have common interests in developing their economies
E-commerce and other forms of investment that could take advantage of infrastructure and ICT connectivity are encouraged.

**Infrastructure Connectivity**
- Physical & Digital
  Build extensive networks of sea and land transportation, ICT facilities, pipelines, power grids, etc., to drive economic growth in the region.

**Trade and Investment Enhancement**
- E-commerce and other forms of investment that could take advantage of infrastructure and ICT connectivity are encouraged.

**Financial Integration**
- Strengthen financial and economic linkages amongst Eurasian countries.

**People-to-People Bond**
- Revive the ancient Silk Road Spirit of “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit” through cultural and academic exchanges, tourism, sharing of information and cooperation in science and technology.

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**BRI – Key Areas of Cooperation**
Industry sector opportunities with BRI

ICT Technology

Consumer & Retail

Financial Institutes

Mining & Infrastructure

Manufacturing & Transport
Some CIS Belt & Road Projects

1. Khorgos-Aktau railway  
2. Central Asia Gas Pipeline  
3. China – Kazakhstan Oil Pipeline  
4. Asia-Iran-Turkey HS Rail

1. Khorgos - Aktau railway  
2. Central Asia Gas Pipeline  
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Current BRI projects in Kazakhstan

Almaty to Moscow railway: upgrades under consideration

Khorgos: a key logistics hub for BRI routes to Europe
Current BRI projects: Khorgos “dry port”

- An enormous development project on both sides of the border
- International Centre for Boundary Cooperation (free trade zone)
- Railway interchange for China – KZ trains (different track gauges)
Potential BRI project: Almaty to Moscow rail upgrade

01
Proposals to upgrade speed and capacity under consideration

02
A possible option: double-stack the container trains (as in India)

03
Significant investment required in rolling stock, bridges, tunnels etc.

New Silk Road could become double-stack corridor
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ICT & Belt and Road Initiative

- Performance & Security
- Resilience, Scalability, Flexibility & Innovation
- ICT Connectivity for BRI
- Cost, Sustainability Affordability
- Regulatory Compliance
## ICT Project for BRI – Digital Kazakhstan 2020

### 5 DIRECTIONS

- **Diversification of economic sectors**
- **Transition to digital state**
- **Implementation of Digital Silk Way**
- **Development of human capital**
- **Creation of innovative ecosystem**

### 17 INITIATIVES

1. Digitalization of industry and electrical power industry
2. Digitalization of transport and logistics
3. Digitalization of agriculture
4. Development of e-commerce
5. Development of financial technologies and non-cash payments
6. State for citizens
7. State for business
8. Digitalization of internal activities of governmental agencies
9. Smart Cities
10. Expanding the coverage of communication network and ICT infrastructure
11. Provision of information security in the ICT field
12. Increasing digital literacy at the secondary, technical and vocational, higher education levels
13. Improving the digital literacy of the population (training, retraining)
14. Support for innovative development platforms
15. Development of technology entrepreneurship, startup culture and R&D
16. Attracting venture financing
17. Building demand for innovation
According to the historical data and estimates by Terabit Consulting, international bandwidth demand is expected to grow exponentially, which underlines the urgent need for building broadband connectivity along the 6 corridors.

1. China Mongolia Russia Corridor
2. New Eurasia Land Bridge Corridor
3. China-Central West-Asia Corridor
4. China Pakistan Corridor
5. Bangladesh China-India Myanmar Corridor
6. China Indonesia Corridor

Broadband connectivity is a critical component for integration into the digital government, global value chain and online trade among other economic activities.
Relationship Between BRI & ICT areas

- People to People Collaboration
- Trade and Investment Cooperation
- Innovation Mobile
- Capability
- Security
- Implementation & Operation
- Infrastructure Connectivity

CITIC TELECOM CPC
BRI, Digital Silk Road & Opportunities for Enterprises

Partnership

Investment

Supply Chain

Professional Services

Acquisition
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Digital Silk Road & Need for Digital Transformation

- Strengthen connectivity & advance integration of people
- Advance application of digital technology
- Build innovation chain and make progress in fostering innovation capacity
- Strengthen policy alignment and progress in digital economy
- Enhance exchange, cooperation & progress in governance system
Top 3 Challenges for Digital Transformation

01  Stringent security and compliance regulation

02  Legacy IT infrastructure and lack of cybersecurity

03  Complexity in selection & Procurement
Digital Transformation – Trends 2019

- Strong Enterprise Data Foundation
- Reduce Technical debt
- Cloud Strategy
- Analytics
- Emerging Technology
- Customer Experience

- Leading Digital Transformation
- Digital Technology skills
- GDPR Regulation
- Leadership communication
- Integration of digital initiatives
- Scaling digital change sustainability

Data Foundation  Digital Systems  Open Digital Ecosystem  Digital Change Agents  Staff  Leadership

CITIC TELECOM CPC
Thank You for your attention!