

**Carly Fiorina**  
**Infocomm Development Authority of Singapore**  
**Distinguished Speaker Series**  
**The Ritz-Carlton Millenia, Singapore**  
**March 9, 2004**  
**“Change and Competitiveness in a Global Age”**

Thank you very much and good morning. It's a great pleasure to be here this morning. I want to thank you for the opportunity to participate in this distinguished speaker series. It's a special honor for me to share this stage today with IDA's CEO, Mrs. Tan Ching Yee even though I now have the difficult task of speaking after her eloquent remarks. Thank you for your nice words.

I wanted to come here today, first and foremost, to say thank you. At HP, we believe that great organizations are defined not just by their capabilities, by the company they are, but by the company they keep. We've been privileged to be partners and friends to many of you over the years, and that partnership has helped make us the sixth-largest company in Singapore, with more than 6,000 employees. We thank you for that friendship.

You've probably noticed that the topic of my talk today is “change and competitiveness in a global age.” It occurs to me that given this audience, I should probably be the one sitting in the audience, and you should be one giving the speech. If there is any country on earth who understands what it takes to compete and win in the global economy today, it is Singapore.

It's remarkable to think that just 39 years ago, less than a lifetime ago, after 30 years of disruption, Singapore was facing life as a newly independent country -- with not much money for investment, no plan for the future, few natural resources, a small population, and a limited geography, surrounded by some of the biggest nations on earth.

And yet, less than four decades later, here you stand. Even though you're one of the 20<sup>th</sup> smallest countries on earth – you are America's tenth-largest trading partner; with 3,000 multinational corporations doing business here; the world's busiest port; the world's best airport; one of the world's leading refining and distribution centers; one of the world's leading centers of shipbuilding and repairs; a leading communications and financial center for Asia – and an economy that was named the

second most competitive small economy in the world, and the fourth most competitive economy among countries of any size.

So it occurred to me once again: why am I the one giving this speech today?

Now we all know that a big part of Singapore's success has to do with the leadership of the electronics and communications industry here. Across the world, the iDA of Singapore is really considered quite a role model for how visionary and strategic governments can work with the industry - to create an open, innovative society that uses the newest technology to empower business and raise standards of living.

HP has been very proud to be your partner on that journey for more than three decades now. We opened our very first office in Singapore in 1970, and today it is one of the most diverse sites we have anywhere in the world.

We look forward to working together with iDA on collaborative projects and IT solutions – such as, Mrs Tan mentioned earlier, utility data centers. And we also have enjoyed piloting something called Cooltown, which is part of our vision of how the digital revolution will come into reality. We believe these collaborative projects help enable more adaptive enterprises here in Singapore and throughout the region and in the world.

So, we are here today because we all know that no matter what business we are all in today, whether it is the business of government or the business of business, that we are all in the business of change. As your own Prime Minister GOH said last August, "there are many reasons why civilizations rise and fall, and why cities wax and wane. The biggest factor is their ability to adjust and adapt to their changing environment."

Along the same lines when I first come to HP, about 4 ½ years ago now, I began to quote Darwin. It is Charles Darwin who said that it is not the strongest of our species that survives nor the most intelligent but those most adaptable to change.

Now today it is not only the ability to adapt and change but also the ability to lead. So today I'd like to talk for a few minutes not just about corporate leadership, but about national leadership, because I think it is important that our corporations and our countries continue to work together and to build our future together to prosper in a world economy which is changing very rapidly before our eyes.

As was mentioned, even though I run one of the leading technology companies in the world today, I started out my studies as a historian. I remain very interested in history because I do believe we can learn a lot from it. And on that note, about 50 years ago there were two social scientists named John Von Newman and Oscar Morgenstern, who looked back on the history of the human race and they came up with a new organizing principle that they called "Game Theory". Central to the idea of Game Theory was that there were two kinds of games that motivate people and companies and countries. There are zero sum games and there are non-zero sum games.

Zero sum games are contests in which one person, or one company, or one country, for one to win, one must lose. Most of our sports contests are zero sum games. There's a winner and there's a loser. But there are also non-zero sum games where one person's gain is not necessarily another's loss. And non-zero sum games are based on the belief that you don't have to lose for me to win. For one country to move ahead, another does not have to fall behind. When our interests overlap and coincide, we both can win. When we work together to create new opportunity, we all can win.

And as these 2 social scientists looked back over the history of the world, the moments when our world made the greatest social and economic progress are those moments when new technologies come along at the point that permitted or encouraged new, richer forms of non-zero interaction. In other words, when these 2 social scientists look back through the ages, there are moments in history – from the invention of the wheel, to the Silk Road, right up through the automobile, the airplane, and the Internet – where technology made it possible for everyone to advance together, if everybody is willing to do their part.

A non-zero sum game, is at work in the great partnership that Singapore has with so many companies including our own. If there is one idea motivating iDA – in a country that plays host to more than 3,000 multinationals – it is that we all have a stake in each others' success. Singapore is America's 10<sup>th</sup> largest trading partner. America is Singapore's number one foreign investor. Whether we like it or not, we are dependent upon each other's success.

I believe in the world today we are at yet another moment in history right now, a moment where we cant have zero sum game interaction. This is also a moment where what we see happening in technology is every physical analogue process, every physical analogue process, will become digital, mobile, and virtual.

A good example of this is photography, a physical analogue process that is being transformed into a digital, mobile and virtual process. This is the era where the vast potential of technology can truly change the world -- not just change how a business operates, but change how our society operates, improve and change lives for the better, whether it is a citizen of Singapore or Silicon Valley or rural villages deep in South Africa.

And I think a decade from now, we are either going to look back and tell a glorious story of advancement and empowerment because we all did our part, or we are going to look back and think about what might have been.

And I think what determines which story we tell ten years from now really comes down to some really fundamental things. I think it comes down to partnership and collaboration, between the public sector and the private sector, between nations and between companies. And I also think it comes down to targeted investments by government and focused innovation by industry.

And of course, it always takes the ability to see forward, make an investment and take a risk. Every nation faces a question of leadership; just as every company does, every nation faces the decision about how it is going to compete and lead in the global economy. One thing we know for sure is that leadership and success are not inevitable. Rising standards of living are not inevitable. Progress as a company is not inevitable. Leadership is always a matter of choice, of decision and of investment.

So, what does it take for a country or a company, for that matter, to be competitive in this new age? Singapore actually knows this answer very well. You know for a nation, the economy of information and communications does best in a highly entrepreneurial society, where people with new ideas have access to capital; where barriers are low to establishing a new business; where the rule of government and transparency, governance are strong, and where citizens are encouraged to make the most of their lives and their talents. And this nation has been a shining example of those principles for 40 years. It's not a bad formula for how a company can thrive and lead as well.

And we also know that the information and telecommunication revolution is fueled by open markets and global trade. So, what does all that mean in terms of investments? I think it means some pretty basic things.

Competitive nations, just like competitive companies, invest in three things: first, they invest in the education and training of their people,

because the information economy is first and foremost a knowledge economy.

Second, they invest in research and development to drive the next generation of innovation and growth by nurturing new ideas and investing in new technology to bring the fruits of those ideas to market.

Third, they work to create societies that are grounded on predictability, openness, transparency, accountability, trust, the rule of law; countries or companies that recognize and reward merit and achievement, because it is those qualities that are needed to sustain innovation and investment. To me, frankly, one of the most disturbing things about the global economic slowdown we have gone through, is that in some nations, including my home nation, the United States, these are precisely the kinds of investments that are in some cases being cut. They should be the last things cut.

It is why, HP spent about \$280 million last year on worker education and training, and why we'll spend \$325 million this year. It's also worth reminding ourselves that we are in an environment where, if you wait until it's obvious to everyone that your company or country needs to do something different, it's usually too late.

Change, to be effective, has to happen in a time which frequently, is before its necessity is obvious to everyone. This is one of the reasons why change is difficult. It's important to have a discussion about requiring leaders to make choices, to make investments, and to take risks.

Making the investments in leadership is frequently very controversial because it is not always obvious to everyone. Certainly, HP has had its share of controversy around the choices we've made to ensure our own competitiveness and our leadership. But our goal is to become the leading technology company in the world, and we are well on our way to our goal.

If you'll allow me to talk about my company for just a minute; many of you expressed some interest in hearing about our merger with Compaq; which was certainly the most visible and perhaps the most controversial aspect of the transformation during the last couple of years. What is the progress we made.

At that time that we announced the merger, we said that we would deliver two very important benefits to our customers: we would create a lower, more efficient, more effective cost structure enabling us to deliver more value to our customers and our partners; and we could create a

stronger competitive company with a portfolio spanning the consumer, small and medium business and enterprise markets.

When we announced the merger, we said we would reduce our costs structure by \$2.5 billion in 2 ½ years. Instead, we achieved \$3 ½ billion in savings in just 12 months. We are now growing our business and all of our businesses are profitable. Our competitive position continues to strengthen, with market share growth in virtually every one of our businesses and our regions around the world and this is certainly true here in Singapore and South East Asia. HP is No. 1 in industry standard servers, in Linux, in external storage, in management software and imaging and printing; we are leading in consumer and commercial desktops and in notebooks as well as a growing force in professional services.

Now in addition to our emphasis on efficiency and effectiveness because we believe that cost structure is either a competitive weapon or a competitive vulnerability. There is no in between. At the same time we know that as a technology company, innovation is our working strategy. And that is why we've made a very strong commitment at HP to sustain investment in research and development to support useful, relevant, reliable innovation that is valuable to our customers. We spend almost \$4 billion a year on R&D targeted on areas where we believe we can make a unique contribution and lead. Our scientists and engineers generate an average of 11 patents a day out from 3 patents a day just 2 short years ago.

What we've built, we believe, is a portfolio that delivers a combination of reliable and useful innovation at a price our customers can afford, with an experience that sets us apart. Our shorthand for that inside HP "high tech, low cost, best total customer experience," and it is the foundation of the value we provide to our customers all over the world. We believe we're making real progress towards our goal in becoming a leading technology company in the world -- but it has taken choice, investment, and risk-taking, and the willingness to stand up to criticism.

We feel fortunate, I must say, to be doing business in an era full of so much promise. Just as HP is focusing its investments, as governments across the world work to increase access to technology, I think there are several areas where innovation is needed most if we are going to make the most of technology.

One is simplicity and manageability. Truthfully the technology that technology companies sell is still way too complicated. It is crystal clear that for technology to achieve its full potential in business, in society, in our homes, and in our lives, technology has to become radically simpler,

drastically simpler. And that requires investment and innovation, because although I am not a technologist myself, I have worked many years with technologists, and there is nothing more difficult in engineering than making something very complex very simple

Another area is security. As we know, this is an area that crosses the value chain from obvious national security issues to consumers concerned about sensitive information like medical records or credit cards, and corporations who are seeing sensitive corporate data leave the corporate walls for the first time, without any clear sense of how it's being used.

In addition to simplicity and security, another area which we are investing a lot in is rich digital media or rich digital content. Because as every process becomes digital and mobile and virtual - whether it's digital photography, digital entertainment, or the digitization of the healthcare process or prescribing medicine or detecting disease, rich digital content is an area where we have unbounded opportunity to enhance the global community, by providing content most relevant to users.

And of course, this is also about driving standards. Because what all of this ultimately comes down to is about making a heterogeneous world work together and speak a common language. It is about networking in the technology industry – networking and interoperability not just in devices but actually about the incredible power of connections - the connection between products, processes and applications and technology and also connections between businesses, companies, employees to customers, and suppliers to customers.

I think we have entered an era of technology where how things work together is everything. Whether it is technology, or companies, or partners, or governments – how things work together; the connections between things, is where the power lies.

I'm going to close up here and open it up for your questions, but as I've said in many different ways this morning, leadership is not inevitable. Leadership and competitiveness for a nation, for a company is a matter of choice, and investment, and risk taking.

I think progress in the next decade - continued success in the partnerships between our companies and our nations - requires the right combination of realism and optimism. And in some ways, I think that is what Singapore and Silicon Valley have always been about: realism and optimism. We have to be realistic that this is hard. We have to be realistic that not everything happens right away. We have to be realistic about the fact

that not everything happens exactly the way we plan and predict it. We have to be realistic about the fact success can change means that none of us can do it alone. And we have to, as well, be realistic about the fact that sometimes it is two steps forward and three steps back before it can be two steps forward and one step back.

But I think we also have great reason to be optimistic. So for those of you who have seen our ads, you know that our ads end with the phrase, "Everything is possible." Now a cynic might say it is a marketing slogan - I actually believe in it. I don't think everything happens right away, I don't think everything is easy, I don't think everything happens as we predict it. But I do think that when people focus, when people are inspired by a worthy goal, everything is possible. And I think the history of the relationships between the companies that are represented here today, the history between the relationship between my nation and yours, gives us great reason to be optimistic. And what has happened in this nation is a demonstration that everything is possible.

Thank you very much.

- End -