



Lixin Cheng

EDITORS' NOTE Lixin Cheng also serves as Senior Vice President of ZTE Corporation and President of ZTE North America Mobile Devices Business Unit. He joined ZTE in June 2010 as President of North America Region of ZTE Corporation and CEO of ZTE USA. Before moving to the United States in 2001, Cheng held the position of Vice President of Sales and Supply at Ericsson Panda Ltd. From September 2001 to January 2004, he served as Director at Ericsson Wireless Inc. in San Diego, California. Cheng then joined Axesstel Inc. as President. Cheng founded ALA Group, Inc. in late 2006.

COMPANY BRIEF ZTE USA (zteusa.com), headquartered in Richardson, Texas, is a subsidiary of ZTE Corporation, a global provider of mobile devices, telecommunication systems, and enterprise solutions. Operating since 1998, ZTE USA is dedicated to making cost-efficient, quality communication technology accessible to all. ZTE is ranked by independent industry analysts as the fourth-largest supplier of mobile devices in the U.S. overall, and second-largest supplier of prepaid devices.

Would you talk about the history of ZTE USA and the strength of the brand in the market?

ZTE was first started in China in 1985 where our founder had a vision to provide affordable communication to the world.

ZTE USA was set up in 1998 and we now have 12 sales offices across the country, very close to our customers and partners. We also have six R&D centers and one local call center in the U.S.

In 2010, our primary focus in the U.S. was working with high-tech companies like Qualcomm and others to integrate our product solutions and sell them to China and other emerging markets.

In 1999, ZTE was one of the first companies to license CDMA technology from Qualcomm. We have been bringing CDMA technology to Africa, China, and other emerging markets and, today, we have the largest shares in the global market for CDMA and radio network.

Consumer-Focused Innovation

An Interview with Lixin Cheng,
Chairman and Chief Executive Officer, ZTE USA

We also started working with a company in Chicago called Gogo wireless (formerly Aircell). We built a nationwide network to provide Wi-Fi on airplanes at 10,000 feet, and we're still a vendor for them.

We're now very proud to be the second-largest brand in the no-contract space with about 20 percent market share, and the third-largest in the Android market with 12.5 percent market share, as well as the fourth-largest brand overall with more than 8 percent market share.

We have very strong partnerships with all U.S. carriers and currently have 67 active devices selling across both the carrier and open market channels in the U.S.

Is your brand awareness where you had hoped it to be?

When we started developing smartphones for the U.S., we were working with different carriers. The first phone we launched in the U.S. was in 2007 with MetroPCS, which is now part of T-Mobile.

In the beginning, we offered phones under the carriers' names. Gradually, we put our ZTE logo on the phones so we had more exposure to consumers. In 2013, a survey said our brand awareness in the U.S. among all smartphone users was only 1 percent. But a year later, that had increased to 16 percent and this past year, it was at 34 percent.

There is great potential for us because a lot of people realize the value of our product itself irrespective of the brand.

There are only two players in the smartphone industry who invest hundreds of millions of dollars in the U.S. every year to build brand awareness. They ask consumers to pay more and then burn more money to maintain their brand.

ZTE likes to build our brand true to our core value of keeping the consumer at the heart of everything we do.

How do you show what makes a brand unique within this space?

We have to be truthful to our mission and our core values. Innovation is an important part of our DNA and the foundation of the company, as well as a differentiator for us. We are moving through an evolution of this industry and it's clear that the smartphone has to deliver true value to consumers.

We believe we are entering a time when the smartphone will become the focal point for every connection and consumers will expect the smartphone to control everything for them. Instead of changing consumer behavior, the smartphone will be able to understand consumer behavior. It will adapt the environment to what the consumer wants.

To achieve this, we have to put consumers at the center of all that we do. It's about the entire company's research, defining the product, launching the product, and service – the whole life cycle we have around it.

As ZTE grows in size and scale, how do you make sure you don't lose that innovative culture?

Innovation is the core of ZTE's DNA, so we have to make sure we put enough investment into R&D every year and, per our founder's directive, every year we set aside 10 percent of our revenue for R&D.

It's hard to measure innovation but ZTE has been first and is at least one of the top three companies worldwide in terms of patent application. We have more than 60,000 patents filed worldwide.

As part of our culture, however, we also have to make sure that we're not always focused on innovation just for innovation's sake but that we're also focused on our customers and the consumers we're serving. We make sure we're providing a true experience for those target customers.

We also focus on our environment and sustainability. We reduce emissions and consumption, and we put an emphasis on recycling and clean energy.

How important has it been to attract top talent and what kind of expertise have you have brought together?

The employees are the most important asset for the company so we continue to attract top talent.

We're always focused on hiring local talent who know the local market and have a lot of experience with those markets.

In the U.S., we now have more than 350 employees and probably about 80 percent are local hires.

Our talent enjoys the culture and also welcomes the challenge of working for a multinational company. We have about 17 years of experience in the U.S. and some of our local employees have been working with ZTE probably for 15 years.

We continue to hire fresh graduates from universities who continually bring new ideas and passion to our organization.

What do you see as the key to being an effective leader today?

We have to communicate in a way that our customers and partners in the U.S. can understand. They need to know about ZTE's potential, our mission, and our goals in the U.S. We motivate the team to work towards a common goal and direction. ●