

DIGITAL EUROPE INTERVIEW

The Knowledge Cascade

TIME talks to Pasquale Pistorio, CEO of STMicroelectronics, about bridging the digital divide

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STMicroelectronics, the world's sixth largest semiconductor company, is a member of the newly formed United Nations Information and Communication Technologies Task Force.

The task force was launched in New York on November 20 with the aim of reducing the digital divide, the technological gap separating the developed from the developing world. The new body includes private enterprise, government representatives, the United Nations Development Program, the World Bank, the International Telecommunications Union and non-governmental organizations.

It will work with partners such as regional development banks on specific programs to increase access to technology and help create local content and applications. STMicroelectronics CEO Pasquale Pistorio, 65, talked to TIME's Jennifer L. Schenker. Excerpts:

TIME: Why should big corporations care about the digital divide?

PISTORIO: At STMicroelectronics we believe that generating shareholder value is the number one priority. You are more successful at generating shareholder value if you have a strong social and ethical commitment. And in the longer term if the three billion people who are starving today can enhance their standard of living and become customers that is good for everyone.

TIME: What are some of the concrete steps that can be taken to get us there?

PISTORIO: My proposal is to try to convince all medium and large business enterprises — and by this I mean those with more than 250 employees — to donate an annual amount of up to 0.1% of their yearly revenues and to match this with a human resource contribution of 0.1% of their total amount of hours worked yearly. This would have a fantastic impact.

TIME: What is STMicroelectronics doing?

PISTORIO: We are involved in IT teaching and training in the countries where we are present — such as Morocco, India, China and Malaysia — beginning with our own employees. To multiply the effectiveness of initial efforts it is essential to train future trainers who can cascade their knowledge to larger groups. We hope to motivate people from all corporations to participate by donating hundreds of thousands of hours of teaching a year. These courses would not be exclusively one-to-one but e-learning courses that are one-to-many so the amplification factor of this would be huge.

TIME: What are STMicroelectronic's strengths given the current tech slump?

PISTORIO: Digital appliances are a growth area. The new appliances all require different applications on a chip. To be successful you have to be able to master five basic fields: mobility, connectivity, storage, multimedia and security. STMicroelectronics has been concentrating on these five areas since 1987. This is a real advantage for us.

TIME: In what ways is the economic downturn hurting the semiconductor industry and when do you expect business to pick up again?

PISTORIO: There is no question that there will be consolidation in the tech sector — including semiconductors — and this will help accelerate recovery. I think we are at the bottom of the cycle. 2002 is a year of transition, the turnaround phase of the crisis. Will it be a growth year? The Semiconductor Industry Association is predicting 6% growth year on year for the semiconductor industry. We are more pessimistic. We think it will be a flat year. But companies that have the fundamentals in place will emerge stronger. This is a very strong downturn but it will be followed by a very strong upturn.