What was once the world’s largest landfill site has been transformed into prime urban real estate in North Asia. Seoul’s Digital Media City (DMC), designed as a node for innovation, is a cluster of digital media technology within a new future-oriented city designed to maximize harmony between work, home and leisure. By 2010, this greenfield site near central Seoul will host the tallest building in the world, manicured parklands rivaling the size of Central Park and an IT zone that aspires to be the world’s foremost production center for digital media content. The World Cup Stadium, a large-scale ecological park called World Cup Park and an environmentally friendly housing complex called Ecology Village will be at its borders.

The way the former garbage site was turned into productive real estate is an awe-inspiring story in a nation known more for breakneck development than environmental friendliness. Bioengineering is turning the by-products of waste into power: A power plant nearing completion will use methane gas runoff to heat office blocks and homes. A hilltop wind farm will eventually help light up the DMC site.

DMC tenants, who are lining up to be among the first to occupy the site in 2005, can expect an impressive package. Built upon the world’s most advanced telecommunications bedrock, it comes complete with 6,200 smart housing units, intelligent buildings, hotels, a convention center, restaurants, shops, high-speed rail links — tied together with a terabyte-level communications network — and high-tech infrastructure like smart sidewalks, info booths and electronic billboards. When completed, World Cup Park will boast a huge track of green space and an adjacent golf course.
Location, Location, Location

There are several IT zones competing for attention in Asia, but few can offer the geographical advantage of Seoul. The historic Korean capital is located at the heart of North Asia — a region that accounts for some 20% of global GDP. An easy, nonstop trans-Pacific flight from the U.S. West Coast, Seoul also lies within a three-hour flight from about 60 cities with a population of more than 1 million each — many of them in the booming China region.

The Seoul metropolitan area alone has 21 million people and accounts for a whopping 45% of the country’s population and economic activity. About 40% of the world’s top 500 companies have a presence here.

The 71 million-square-foot DMC site — which is nearly twice the size of London’s Canary Wharf project — sits in the Sangam district of western Seoul and alongside the majestic Han River. This location puts it a mere 15-minute drive from Seoul’s central business district and less than a 30-minute drive from the futuristic Incheon International Airport. An adjacent railway line will place DMC along a route linking Seoul with North Korea and China — and with the extension of the Trans-Siberian Railway, destinations in Russia and Europe.

While Seoul itself has undergone major rejuvenation, such as the urban Chunggyecheon restoration project. New hotels, restaurants, nightspots and cultural venues have boosted the city’s appeal among expatriates and business travelers.

Bits and Bytes Amid Trees and Walkways

DMC is part of the Seoul municipal government’s plans to redevelop and beautify the area of the city north of the Han River. “After we are done, this area will have the potential to become a hub of business and finance in North Asia,” says Seoul Mayor Lee Myung Bak, formerly one of the country’s best-known CEOs.

A can-do politician who garnered international attention recently when he ordered the demolition of an unsightly downtown freeway to make way for the restoration of a river, Mayor Lee realizes that in order to attract foreign IT businesses and become the IT hub of North Asia, DMC needs to offer much more than just impressive buildings wired with fiber.

What made Silicon Valley such a success was a combination of academic institutions, abundant venture capital, a pool of skilled workers and plenty of space for rest and recreation. That’s why DMC will come with 36 million square feet of green space and a golf course. “We want to make this city environmentally friendly,” says Mayor Lee. “Within a five-to ten-minute walk of your office, all this green space will be available. It will be a nice place to work and live.”

Seoul municipal officials are bullish when speaking of the incentives offered to DMC tenants — companies that will focus mostly on the production and development of technology related to multimedia and entertainment, such as broadcasting, film/animation, games, music and online education. There also will be distributors of media and entertainment content, software and IT firms and IT manufacturers.

To attract these targeted industries, few obstacles will be left in place to potentially deter interested parties. Says one municipal official, “No one will find difficulty obtaining tax abatements. The land costs are cheaper than elsewhere in central Seoul — in fact about half the market price. If the tenants are suitable, they will receive further incentives.”


The needs of key tenants will ultimately dictate the layout of DMC. “When we used to implement similar projects,” says Mayor Lee, “we used to build it and then go to potential firms. In the case of DMC, we are still in the process of building, and we are getting inquiries from firms from around the world.”

To make the zone more appealing to foreign companies and IT workers, several amenities will be introduced with the explicit intention of making life more comfortable for newcomers. This includes foreign schools, hospitals staffed by English-speaking workers and an apartment complex for long-term foreign rentals. “Our main goal is to make the business and living environment attractive to foreigners,” says Mayor Lee. “This is on top of Seoul already being a very safe city. Even women and children find it safe to walk around the city at night.”

A Free-Spirited IT Workforce

To be sure, costs are not the only factor considered by foreign investors thinking about setting up a presence in the DMC. Local officials concede that the pool of English-language speakers in
Korea is not as abundant as in some other Asian countries but that the situation is rapidly improving. Investors will find plenty of skilled IT labor eager to be hired. Moreover, labor costs here are a fraction of what they are in Silicon Valley.

What further sets the Korean IT worker apart from his or her American or South Asian counterpart is creativity. “Even Japanese CEOs are taken aback at the software programming skills of Korean IT graduates,” says a Seoul municipal official. “Even in PDA and big-screen TV segments, we are doing better than the Japanese. Koreans are kind of free spirited when it comes to IT.”

A testament to the incredible programming skills found in Korea is the fact that the embedded software in Korean-made mobile phones is entirely homegrown.

This is a nation obsessed with the latest technology. It has fueled a phenomenal growth in mobile data services. SK Telecom, for instance, was the first company in the world to launch commercial services using third-generation (3G) mobile services. More than one-third of the world total of 3G users are in South Korea.

The widespread adoption of broadband Internet access — Korea has the highest rate of Internet users and broadband penetration in the world — has propelled local IT workers to develop new applications that have caught the attention of overseas firms. The huge adoption of broadband and mobile data services means that Korea is a superb test market of 30 million people, a point not lost on DMC officials in their promotional pitches.

Says Barton, “Some consumer goods companies would love to put chips onto their products to see how consumers use their products and transmit information. The broadband network in DMC and throughout Korea allows one to do this type of thing.”

“Seoul has a very strong edge in the information sector,” says Mayor Lee. “Even many homeless people own their own cell phones.”

**Build It, They Will Come**

After the first set of land sales was launched in May 2000, Seoul municipal government officials launched a global road show to entice foreign companies and research institutions to join the growing roster of companies that have already signed up.

The sales pitch has been aimed primarily at a complementary group of tenants — IT R&D types and global consumer and industrial goods companies, as well as service/entertainment companies that can benefit from the R&D, provide real-time feedback and design.

An existing robust infrastructure spread throughout Seoul that includes a vibrant digital media cluster is already drawing firms that are eager to ramp up quickly. In what has been described as the world’s techno lab, there are already 12,500 start-ups in Korea, with 2,500 added last year alone. Almost half are located in Seoul, including one that created the first cartoon character on the Internet.

Seoul’s existing critical mass of IT firms bodes well for the future of the DMC. Almost 100 letters of intent, memorandums of understanding (MOUs) and final contracts have already been inked. Among them are Korean Broadcasting System Media, the Pantech R&D Center and Office Building, the Electronic Industries Association of Korea and the Korean German Industrial Park, which will include the participation of 10 German universities and one research institute. Still under negotiation are a corporate research center with Virginia Polytechnic Institute and State University (popularly known as Virginia Tech) and an R&D center with the participation of Carnegie Mellon University. A letter of intent was recently signed with Cornell University, followed by an MOU with 3M Corp. for the 3M IT-related R&D center.

“Depending upon costs and other tenants, the DMC may certainly be of interest to U.S. investors,” says Jeffrey Jones, former president of the American Chamber of Commerce in Korea. “U.S. companies that have information technology will be able to expand their markets by locating in the DMC. This can also provide an effective link for U.S. companies into China.”

The central government has committed to a substantial presence in DMC with the Cultural Content Cluster Center for Korea Culture and Content Agency, the Korean Game Development and Promotion Institute, the Korean Broadcasting Institute and the Korea Film Archive.

**Turning Dreams Into Reality**

Anyone who has visited the DMC site recently will recognize that its backers and planners are bullish. With construction well on its way, many of the facilities will be up and running well before the 2010 completion date. Already, young couples can be seen enjoying the solitude and expansive views atop World Cup Park. Heavy machinery is being used to prepare the site for such highlights as the 110-story landmark office building.

Says Michael Joroff, senior lecturer at the School of Architecture and Planning at the Massachusetts Institute of Technology, “Digital Media City will bring together content and state-of-the-art technology that will apply across the board — not just to media and entertainment — and it will build on a solid base of accomplishment. Seoul is incredibly focused on the future. Everyone is in an incredible rush to move ahead.”

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