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Future poser for growing number of Internet firms

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FUTURIST John Naisbitt said the information technology industry will spur the creation of hundreds, if not thousands, more new Internet companies, but most of these dot coms will go bust.

The industry, the whole world over, will go through a long shake-up period and this is natural for an industry as revolutionary as Information Technology, Naisbitt told reporters in Kuala Lumpur yesterday.

For instance, he said, when the motor vehicle industry was still in its infant stage, there were about 1,300 motor vehicle companies in the US. Now, there are only three.

"We will probably go through hundreds and thousands of companies to get there (the mature stage). But the industry is very new, we don't know what it is yet."

Naisbitt said the good news is that no one is in charge of the Internet. The industry is bottom-up, not a Government-led one, and the policy of non-intervention is best.

Initiatives like Malaysia's Multimedia Super Corridor are top-down, and therefore, artificial, he said.

"In Silicon Valley, they want the Government to stay as far away as possible."

According to Naisbitt, what Governments can best do to encourage the growth of the industry is to provide a nourishing environment that will give entrepreneurs the freedom to create what they want to create.

Businesses must be allowed to be self-organising. If problems arise, they will be self-correcting, he said.

Naisbitt also spoke about government controls on capital markets and the effort to globalise.

The problems arising from government interference in the free market is best demonstrated by Japan, he said, where political and social pressures take precedence over economic ones.

Naisbitt said the Japanese are not willing to let the economy run its course because many companies will go bust and unemployment will rise initially. So they keep pumping money into the problem.

"Some Japanese asked me what they should do. I said, 'Nothing'."

Governments must allow individuals and companies to decide what is good for them. This might entail a very painful and traumatic period initially, but it is best for everyone in the long run, he said.

As for the Malaysian Government's intervention on its capital market, Naisbitt said what was done here worked, but no solution fits all sizes and all countries.

"I, for one, didn't think what Prime Minister Dr Mahathir Mohamad did was going to work, but it did. And that's great. But it is not going to work forever."

Naisbitt said the world is moving towards a single economy.

"Regions will hook up with regions. Regions are now building blocks for one global economy."

However, the rise of big, regional markets does not necessarily mean a corresponding rise in big, regional players, Naisbitt said.

According to Naisbitt, the world is already dominated by small, medium-sized companies.

Big companies that are busy merging with one another are merely dinosaurs that are trying to survive, he said.

For instance, he said, the five largest companies in the US contribute only 9 per cent to the country's economy, compared to 20 per cent in the past.

In addition, almost 90 per cent of the 20 million new jobs that were created in the US in the last seven years were created by companies that have 50 employees or less, he said.

"In today's world, small companies and even individuals can beat the big institutions."

Naisbitt said the fastest growing sector of the economy is individual, global entrepreneurs who operate via the Internet.

DHL and FedEx are used ad hoc as their distributors.

They can advertise to the whole world on the Internet, and make deliveries in one or two days.

This is what the new economy looks like, Naisbitt said.

Naisbitt, who has written several best-sellers about mega trends that affect the world, has come up with a new one entitled "High Tech, High Touch".

The new book is a cautionary tale about technology's impact on society and businesses.

Naisbitt will hold a forum to discuss the contents of his book in Kuala Lumpur on March 14.

The forum is organised by Rayma Management Consultants (M) Sdn Bhd.

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