

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE OPENING OF THE IBM E-FAIR 2000
AT SUNWAY LAGOON RESORT HOTEL, PETALING JAYA
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Firstly, allow me to thank IBM Malaysia for their invitation for me to officiate at the opening of the IBM e-fair 2000, here today. I would also like to congratulate IBM for their initiative in organising this important event in light of rapid developments in the field of electronic commerce and business.

The exponential growth of the internet and the proliferation of digital networking is having a very real effect on businesses around the world. Companies have to reassess their supply chain management and distribution systems to ascertain how the internet and other networking solutions can be of benefit to their business.

Internet and intranet communications is set to change the way businesses operate. If a company is successful at leveraging on the digital revolution, it will cut costs considerably and deliver better services to clients. Supplies, for instance, can be procured through an on-line exchange, thereby reducing the need for agents and middle men. Companies will also benefit from enhanced just-in-time production capabilities through on-line inventory management.

The enormous potential of e-commerce to integrate corporate value-chains and deliver cheaper, better goods and services to customers is evident in the rapid sectoral growth. Looking at developments from an international trade point of view, e-commerce is posed to become a major component of cross-border flows with estimates ranging between 10 and 25 per cent of world trade by 2003.

Growth in e-commerce, however, will not be led by business to consumer transactions. E-commerce is normally associated with on-line shopping - the purchase of books, music cds and computer equipment on the internet. While this sector will continue to grow, it is business to business, or b to b, transactions that will generate the largest number of trade - constituting 80% of all e-commerce activities. In Asia alone, b to b e-commerce sales are expected to rise from US\$ 2 billion last year to over US\$ 32 billion in 2003.

Ladies and gentlemen,

These developments in the electronic and digital economy must be seized upon by companies if they want to stay competitive. Malaysian firms must, therefore, consider using e-commerce to transform their business if they want to successfully compete on the world stage. Without the reach and networking the internet offers, companies will remain stagnant, relying on existing suppliers, delivering the same services to clients and tapping on an unchanging customer base.

Electronic commerce is set to change this. I believe that if Malaysian companies can take advantage of the e-commerce revolution, they will be able to transform their business ethos to one that is more productive, efficient, innovative and competitive.

The Malaysian Government is committed to creating an enabling environment that will facilitate the growth of e-commerce in Malaysia. We are currently drafting the national e-commerce masterplan that will chart the strategic growth of e-commerce in Malaysia as well as establish a facilitative regulatory framework.

The national e-commerce masterplan, together with the knowledge economy masterplan and the multimedia super corridor, represents the government's commitment towards formulating long-term policies that will enable Malaysia to emerge as an internationally competitive e-commerce centre.

Before this can be achieved, several challenges need to be addressed. We need to, first, build critical mass on the web through our continued efforts at increasing internet and device penetration, improving our telecommunication infrastructure and improving our tariff and network access.

Secondly, we need to build trust on the web. This can be achieved through greater internet security, secure electronic payment systems and ensuring privacy of information. Thirdly, Malaysia must be promoted as a global ICT and e-commerce hub, with global connectivity, innovative web hosting capabilities and dynamic and creative local content development.

I can assure you that the government is doing its utmost to meet these challenges to ensure Malaysia's competitiveness in the new global economy. We have already shown our foresight and preparedness in anticipating the demands of the ICT revolution. For example, we have legislated pioneer cyber laws and provide generous incentives to companies that locate their operations in the MSC.

I hope that the Malaysian Government's commitment to the growth of ICT and e-commerce will be matched by the private sector. While the government can create an enabling environment for success, the driver of growth in this sector will be the private sector. Apart from creating integrated, digital value-chains, companies must adopt new work cultures. Malaysian firms must not be complacent and be contented with capturing only a slice of the domestic market. Their target must now be the global market. Cyberspace does not recognise borders. Therefore, for e-commerce corporations to truly succeed, they must serve the world and not just Malaysia.

The growth of a successful e-commerce sector in Malaysia will have profound implications on the performance of the entire economy. It will lead to greater production opportunities, new jobs and skill development, and increased investments. Through a digital critical mass and state-of-the-art MSC infrastructure, we will be able to attract world-class companies to use Malaysia as a global hub.

To realise such a vision we must ensure that the smart partnership between the government and private sector in Malaysia is sustained so that the synergy can be directed towards the creation of world class supply-side capabilities. I believe that everyone in Malaysia, including the foreign firms who have invested here, wants the MSC to succeed. It is in everyone's interest that world class MSC companies emerge supplying world class goods and services to the world.

Ladies and gentlemen,

Although I do not doubt the long term viability of ICT development and electronic commerce, we must all approach the dot com phenomenon with measured

confidence. Such a nascent sector will have to consolidate before successful players begin to emerge from the initial rush for opportunities. Many dot coms are experimenting with new ideas, not all will succeed.

While we should be circumspect in our acceptance of dot com companies, this does not mean that we must not invest or not support such ventures. If we want to see the benefits of ICT development, we must be prepared to take calculated risks by encouraging new start-ups to emerge and old companies to undergo organisational transformations to better leverage on ICT.

The IBM e-fair 2000 represents an important effort by the industry to share and transfer knowledge and expertise among one another. I have always maintained that developments in ICT and the creation of a global knowledge society must be underpinned by a culture of collaboration and cooperation.

If the benefits of the new economy are to be broad based, we must encourage the sharing of knowledge and information. Malaysian companies will have to learn from one another best practices to be implemented in their respective transformations to e-commerce corporations. Only by recognising that developments in ICT and the growth of e-commerce form a positive sum game, in which all the participants benefit, can we build a successful and thriving global ICT and e-commerce hub in Malaysia.

I hope that the participants of the e-fair 2000 will benefit greatly from this forum. In particular, I hope that you will use this opportunity to learn and acquire skills and technologies that will make your businesses more efficient, innovative and competitive.

Without further ado, it gives me great pleasure to declare the IBM e-fair 2000 officially open.

Thank you.