

SPEECHES BY: DATO' SERI DR MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: THE OPENING OF THE CEO AKSI SUMMIT 2001

VENUE: DEWAN TUN ISMAIL, PWTC KUALA LUMPUR

DATE: 04 OCT 2001

TIME:

I wish to thank the Ministry of International Trade and Industry for inviting me to officiate the opening of the CEO AKSI Summit 2001.

2. I am pleased to see so many Chief Executive Officers gathered here today to show their support and contribute to the discussion on accelerating the use of ICT in business. This reflects the growing interest and commitment among the CEOs on the use of e-commerce in particular, and ICT in general, in the production and marketing processes. It is my hope that this conference will contribute to greater awareness and understanding among the CEOs on the importance of ICT and e-commerce so that necessary steps can be taken to e-enable our enterprises.

3. The CEO Summit is indeed timely, with the rapid advancement made in technology which has resulted in e-commerce becoming an important facilitator in the world of trade for goods and services. Although forecasts vary, analysts agree that the potential for e-commerce is enormous.

4. E-commerce is not a `passing fad'. It has become a reality that we have to accept and adapt ourselves to if we are to succeed in this era of global economic interdependence. Many of us are somewhat wary of e-commerce especially after the worldwide dot.com crash. But the crash has woken us to reality about E-commerce. The crash was not due to e-commerce but the baseless speculation on the share market of the dot.com companies. The share prices were not in any way related to the real value of the dot.com companies. They were hiked up in order to give huge capital gains and profits for the speculators. When it was found that a majority of the dot.com companies had no assets or even real potential for realising the value of the ideas on which the businesses was based, investors dumped their shares and bankrupted the companies, their founders and their other share-holders. The collapse was not due to e-commerce but the result of share-market manipulation.

5. Having gone through the dot.com crash, it is clear that e-commerce is not about putting the suffix ".com"

and other Internet suffixes to company names. And implementation of e-commerce is more than just having a website on the Internet. E-commerce is still about selling goods and services and ideas. E-commerce simply speeds up and expands the business of companies through easier access and distribution of information on the business.

6. E-commerce is about improving and expanding business through greater and better use of information and communication. Where once only the giant corporations were able to obtain information and reach customers through their worldwide network, now through the Internet even a one-man business can have access to unlimited information through the Internet and to disseminate information about his business literally worldwide, and so have a bigger clientele or customers. Cleverly managed even small businesses in small countries can grow into a world player.

7. E-commerce is consequently an integral part of the agenda for Malaysia to move into the information era. E-commerce will enable Malaysian businesses to create new values, raise the level of productivity, increase competitiveness in export markets, and facilitate new types of business process for reaching out to customers around the world. It would enable companies to operate globally, without the need to have physical presence in so many places around the world. This mode of business operation is especially suited for a small trading country like Malaysia, where the cost of developing new markets and promotion is often prohibitive.

8. The benefits derived from this new way of doing business are particularly suited for SMEs, which, in the traditional business mode, are often handicapped by their limited market exposure. With e-commerce, SMEs have the opportunity to extend their geographical outreach and secure new customers and business partners in ways formerly limited to large companies only.

9. As in other countries, e-commerce in Malaysia is private-sector driven. The role of the Government is to create the right environment for e-commerce to flourish. In this connection, the Government has initiated several efforts to lay the foundation for e-commerce in the country. These include enacting five cyber laws to provide a framework for e-commerce, which encompass aspects concerning security of information and network integrity and reliability.

10. With a market and business friendly public sector policy framework in place, the private sector is in a favourable position to adopt and use e-commerce to conduct business. Presently we are still in the early stages of e-commerce development. Many of our companies especially the SMEs have yet to acquire e-commerce

capability beyond having websites, to disseminate information about their companies, products and services.

11. The Government would like to see the manufacturing sector upgraded and equipped with the latest information and communication technology to enable it to move in tandem with new developments in the world, where companies are increasingly undertaking e-commerce, using computer networks and the Internet, to better serve customers, and to work more efficiently with partners, suppliers and buyers.

12. The greatest impact of e-commerce, will likely be on SMEs because many large companies would already have some electronic systems in place. In fact, established large companies today are shifting their critical functions to the Internet, and they expect all companies, which support their operations, such as vendors and suppliers, to also come on board to be electronically linked. In the wake of the current world wide economic slowdown and in anticipation of greater competition with market openings under AFTA and the WTO, cutting the costs of doing business, increasing speed and adding value through extensive use of IT and to improve the supply chain, are logical and necessary step for companies wishing to stay competitive and to survive.

13. I am concerned about the low levels and the nature of ICT utilisation of our companies especially the SMEs. They risk being sidelined because they are not able to connect electronically to the global supply chain network. If nothing is done to rectify this situation, it would mean losing out to players from more advanced countries and literally disappearing from the business world.

14. There is an urgent need for more companies especially SMEs which constitute about 90 percent of the establishments in the manufacturing sector, to quickly adopt the new electronic medium, and to expand their electronic operations from purely administrative and inventory keeping to actual day-to-day transactions.

15. To reap the benefits offered by e-commerce, it should be viewed as a source of business opportunity, and appropriate steps must be taken to exploit this opportunity, by being electronically enabled and connected. Not acting on this opportunity would put our industries at a disadvantage in the global market, where competitiveness is being increasingly improved by the use of ICT. Remember that Government protection cannot be relied upon any more once markets are opened by AFTA and the WTO.

16. I would like to seriously urge the CEOs, in particular CEOs of Malaysian owned companies, to commit themselves to using more ICT in their business processes. I also would like to call upon CEOs of MNCs, and large local corporations, which have the resources to implement e-commerce, to work with SMEs as well as with services providers such as banks, technology companies, logistics companies and telecommunication companies (telcos) / Internet Service Providers (ISPs) to bring e-commerce into the mainstream of business in Malaysia.

17. Malaysia's own IT agenda and strategies will mean nothing if we are not prepared to act upon them. We should now move forward to implement and realise our IT agenda and strategies. Admittedly it will not be easy. Many issues need to be examined and barriers to be overcome. This will be the challenge for all CEOs present today, to discuss and draw up a practical and workable action plan for implementation.

18. I am confident this CEO Summit, attended by some of the best brains in business will provide new ideas on how we can move forward together, to further exploit the use of information and communication technology in order to modernise trade and industry and support as well as grow the economy.

19. On this note, I now declare this CEO Summit open and wish participants a fruitful deliberation.