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Let me begin by thanking the Vice Chancellor of Universiti Putra Malaysia for inviting me to this morning's function and for giving me the honour to officiate the opening of the Commonwealth Top Management Program on Organisational Transformation towards Electronic Commerce and Electronic Government.

2. As we move nearer and nearer towards the 21st Century, fundamental changes are taking place in the nature and application of information technology and multimedia globally. The changes have profound and far-reaching implications for organisations, both in the public and private sectors and nations as a whole.

Driven by the demands of the new competitive business environment on the one hand, and profound changes in the nature of information technology and multimedia on the other, the information age is evolving into an exciting and challenging era to be exploited and harnessed by organisations that have the foresight and vision to do so. Information technology in many ways, has revolutionized commerce and the way Government conducts business, that is, in its ability to bring people of like interests and needs together in real time in a borderless world. Organisations that do not make this transformation will fail. They will become irrelevant or cease to exist.

3. Realising this, Malaysia is attempting to keep pace with these global changes and has leveraged on the new technologies in implementing E-Commerce and Electronic Government.

E-Government (EG) Initiative

4. The Malaysian Government has embarked on the implementation of EG with the dual objectives of reinventing Government and to catalyse the successful development of the Multimedia Super Corridor. The objectives of EG go far beyond the mere computerisation of government departments. It will redefine the relationships of government to citizens and to businesses. By enabling improved connectivity and communications between all parties, EG will facilitate Malaysia's progress towards becoming a fully developed nation, premised on a knowledge-based society.

5. To ensure the successful implementation of EG, a holistic and total approach has been deployed in the planning and management of the project. The planning function has been successfully implemented by galvanizing experts from information technology web-shaper companies, both local and international, as well as from the public sector. The unique combination of Government and representatives of multinational IT companies have successfully interfaced in project teams to develop the strategic direction for EG. This has culminated in the documentation of the EG vision statement, implementation blueprint and the Electronic Government Information Technology Policy and Standards.

6. The Government has further adopted an approach whereby high impact, visible pilot projects were identified for implementation through such collaboration. The enabling tool is a new form of tendering through the Concept Request for Proposals or CRFP. As opposed to the normal tendering process, the new approach places more emphasis on defining project objectives and targeted benefits rather than specifying detailed technical requirements thereby encouraging innovative solutions.

7. All proposals received are subjected to a strict and thorough process of evaluation to ensure that innovative and best solutions are offered. These projects will then be implemented on a controlled basis starting with pilot agencies and subject to a proof of concept period before it is extended for full-roll-out.

8. To ensure the success of EG, the implementation plan also takes into account the need to coordinate the three important elements affected by EG, that is people, processes and systems. Hence change management efforts and training programmes will be undertaken to educate government employees, the

public and businesses.

Business process reengineering will also have to be undertaken while the organisation system will be replaced or integrated, leveraging on the new multimedia environment.

E-commerce

9. Basically the same approach is taken to promote E-Commerce - an approach that harnesses the full potential of public sector - private sector cooperation in line with the Malaysian-Inc. concept. Just like the preparation for E-government, there is clearly a strong sense of urgency in the preparation for the introduction of E-Commerce in the country. Appropriate mechanisms have been established, in particular the Inter-Agency Task Force on E-Commerce and the National E-Commerce Committee, to coordinate and promote the development of E-Commerce. This sense of urgency driving the E-Commerce initiative stems from the realisation that unless the country moves fast, it is bound to be left behind those who are ahead in E-Commerce implementation, with the attendant loss of business opportunities. The importance of E-Commerce is well illustrated in a study conducted by WTO in March 1998.

The estimated number of Internet users in 1997 was approximately 78 million and by the year 2000 is expected to increase to 280 million. Another source, is the Microsoft Internet Commerce White Paper, has indicated that by the year 2000 the estimated number of Internet household users in the US will be 36 million households, with an increase of business web sites of 2 million. In Europe, it is 20 million households with an estimated number of 1 million business web sites, and in Japan 12 million households with an estimated 1 million business web sites.

10. The Malaysian experience in trying to implement its vision of E-Government and E-Commerce had taught us many valuable lessons which I like to share with you.

(i) The need for an IT Agenda and Framework 11. To transform a traditional administrative and commercial structure into one that uses the full potential of IT requires a change of mind set, clear vision and sense of direction. A National IT Agenda that provides the framework for the creation of a knowledge-based society is therefore imperative. Mechanism for promoting, implementing, monitoring and assessing the impact of implementing EG and E-commerce should be institutionalised. In addition the vision, objectives, benefits and priority areas for both EG and E-Commerce should be established to provide policy directions. This framework will ensure that EG and E-commerce shall be implemented in a strategic and coordinated effort.

(ii) Reengineering Business Processes 12. There is also an urgent need for organisations to reengineer their business processes. Reengineering should occur at all levels of the organisation from work group and business units to enterprise, encompassing relationships with external organisations. This requires a critical reassessment of what is being done and why. To quote Michael Hammer, organisations which 'don't automate, obliterate'. New and evolving means of producing, distributing and servicing products must be investigated. Programs towards more flexible structure based on team and open networked organisation must be undertaken. Customers and suppliers, and distribution channels must be viewed as partners in a value network upon which all depend. This is especially so in E-Commerce which has resulted in a blurring of geographical locations.

(iii) Restructuring of Organisations

13. Thus, organisations both public and private should shed their old, bureaucratic organisational forms. The implementation of EG and E-Commerce will provide a new stimulus for the civil service and private sector organisations to further reinvent themselves and to transform from stovepipes to seamless organisations.

Such an opportunity will come in the form of shedding some of the vestiges of the past principles on which organisations are built which have produced a highly fragmented organisation. This will result in flattened organisations with delayed structures in which everyone has the same chance to

communicate with the highest or the lowest level within the organisation through wider availability of IT, with its significant reach and range. Within the seamless organisation of the future, technology will be used to enable decentralised activities with premium placed on a quick response to consumer needs and measurement of performance based on client satisfaction.

(iv) Availability and Accessibility of Communications Network Infrastructure

14. A fundamental consideration in EG and E-Commerce is the universal availability and accessibility to an efficient communications network infrastructure. Affordable and widely available basic telecommunications services are a fundamental prerequisite of E-Commerce and EG and therefore basic telecommunications infrastructure needs to be in place. As costs may inhibit access to the communications network, telecommunication charges together with the pricing of the necessary hardware and software to connect to the telecommunications network infrastructure has to be at affordable levels. For E-Commerce to develop successfully, there must be interconnectivity at the national and state levels. Inter-operability, then needs to be ensured so that all users of the networks can communicate with one another, regardless of the computers, the telecommunications service providers, the network and the software used.

(v) Safety and Soundness of Electronic Payment Systems

15. There is a need to establish and ensure the safety and soundness of electronic payments systems. New technology has made it possible to pay for goods and services over the Internet. Some of the methods would link existing electronic banking and payment systems, including credit and debit card networks, with new retail interfaces via the Internet. "Electronic money" based on stored value, smart card, and other money is also under development. Substantial private sector investment and competition is spurring an intense period of innovation that should benefit consumers and businesses wishing to engage in global Electronic Commerce and EG. Government action may be necessary to ensure the safety and soundness of electronic payment systems to protect consumers or to respond to important law enforcement objectives.

(vi) Conducive Legal Environment

16. The need for a conducive legal environment whereby the issue of fraud, security, integrity and privacy is adequately addressed to ensure confidence in implementation and participation in E commerce and EG is vital. This implies that new rules, norms and statutory legislation have to be formulated. The necessity for cyber laws therefore becomes relevant and vital. To this effect, Malaysia has formulated the Digital Signature Act, The Computer Crimes Act and The Multimedia and Communication Act. The Data Protection Act is currently being drafted.

(vii) The Need to Redress the Y2K Problem

17. The phenomenon known as the Y2K Problem or Millenium Bug which has been given intense publicity has to be solved urgently for the efficient and effective functioning of EG and E-Commerce. To put this problem and its ramifications into perspective, consider the scenario where by the end of the year 1999, organisations failing to process their end-of-year accounting or payroll properly and credit card holders being refused transactions on electronic kiosks or through the Internet because their accounts are delinquent. This phenomenon will have a direct bearing on the implementation of EG and E-commerce should be redressed immediately.

(viii)Effective Leadership 18. It cannot be denied that effective leadership in organisations both public and private in implementing EG and E-Commerce is crucial. It is critical that leaders formulate the vision, objectives and strategies for implementing EG and E-Commerce in their respective organisations. Leaders must adopt new, innovative approaches to integrate information technology investments with the agency's strategic initiatives.

They must not only develop a penchant for conceptual knowledge of managerial skills but also be able to

handle the ever increasing pace and intricacies in the development of information technology and multimedia to make E-Commerce and EG a success. In today's context, multi-skilling is a necessity. The need for an effective structure with clear roles and responsibilities for planning and implementing the new change cannot be overemphasised. Change is pervasive and fast in EG and E-commerce, requiring central planning for better coordination as major business processes will need to be reengineered and new applications developed to provide quality, effective, efficient and expeditious service.

19. Awareness and change management must also be conducted effectively to get the buy-in and commitment of the employees and the public at large. In addition, the ability to synergise multi-party collaboration is a crucial. This requires an undertaking to capture the knowledge existing in the organisation, stirring up ideas from employees, suppliers, vendors, customers and external organisations, collectively finding new areas for improvement and enhancing service efficiency and effectiveness to the public at large. This leadership role undoubtedly is critical in ensuring the quantum leap that is required for the success of EG and E- Commerce.

Conclusion

20. The program participants and experts are gathered here under the auspices of the Commonwealth. It is indeed heartening to know that in spite of the diversity of the countries constituting the Commonwealth, we are drawn together in our quest to seek and share knowledge and overcome new challenges in enhancing efficiency and effectiveness in the public and private sectors. The present program represents yet another opportunity for us to share experiences in implementing E-Commerce and EG. In closing, allow me to thank Universiti Putra Malaysia, IBM and the London Commonwealth Secretariat for co-jointly organising this program. To all the participants, may I express my sincere hopes that you will have fruitful deliberations and discussions during this program over the next eleven days and a pleasant stay in our country. With this, I wish to hereby declare the Commonwealth Top Management Program on Organisational Transformation towards Electronic and Electronic Government officially open.