

Three facets of e-commerce success: Digitization, connectivity and localization

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Enterprises must embrace digitization, connectivity and localization to compete amid the three main waves surrounding global economies — neoliberalism, globalization and democratization of information — according to panelists on the Asian Leadership Roundtable “Defining the Digital Era: China’s Smart Economy”.

During the roundtable co-presented by China Daily and Asia Society Hong Kong Center, various academics and e-business practitioners were invited to share their views on how companies can formulate business strategies to compete in the digital services sector in Asia.

Xiang Bing, founding dean and professor at Cheung Kong Graduate School of Business’ (CKGSB) China Business and Globalization, said the underdevelopment of the mainland services sector and the deregulation and digitalization of the mainland economy is creating business prospects for companies.

“The services sector only accounts for 50 percent of the mainland’s GDP — far below that of the United States, the European Union and Japan. Also, there are up to 40 sectors on the mainland that remain to be deregulated,” Xiang said, adopting a positive tone on the mainland economy when delivering the keynote speech.

“Approximately 25 percent of the companies listed on the Shanghai and Shenzhen exchanges are internet-related. There is a large number of



Panelists take a group photo at the China Daily Asia Leadership Roundtable themed “Defining the Digital Era: China’s Smart Economy” on Tuesday at the Asia Society Hong Kong Center. (Left to right) Moderator of the event Alexander Wan, senior adviser of China Daily Asia Pacific; Albert Wong, CEO of Hong Kong Science and Technology Parks Corporation; Xiang Bing, founding dean and professor of China Business and Globalization at Cheung Kong Graduate School of Business; Joseph Chan, CEO of AsiaPay Ltd; Frankie Ho, general manager of Baidu International; Peter Greenhill, head of e-Business, Equiom Group. PHOTOS BY PARKER ZHENG / CHINA DAILY

people using the internet, so there are plenty of positives for digitization of the economy on the mainland,” Xiang said.

The Chinese mainland is the world’s largest digital economy, with some 700 million people using a myriad of digital devices and applications on a daily basis to access information and conduct transactions covering online shopping, transport, tourism, financial services, entertainment, media and social networking.

Besides embracing digitization, industry practitioners must also adopt a localization strategy to compete, panelists said.

“E-commerce service providers must learn to use consumer data and information on behavior in order to improve customer services,” said Frankie

Ho, general manager at Baidu International, a mainland web-searching services company. “Given the huge size of the mainland market, only the leading service providers in the mainland can still make a living in the second- and third-tier mainland cities.”

Companies must pay attention to connectivity as well, according to Albert Wong, CEO at Hong Kong Science and Technology Parks Corporation (HKSTP), a government-statutory body to promote technological innovation in Hong Kong. “The sequence of data-informa-

tion-intelligence unleashed by connectivity is the future trend of digitization. The ability to connect various intelligences can propel the growth of sensor technologies that can be applied in the biomedical industry such as DNA analysis and personalized medication,” Wong said.

Joseph Chan, the founder and CEO of AsiaPay, an electronic payment solution provider for 11 Asian countries, noted that enterprises should strive to provide more added value in the process of service delivery. “The digitization of payments should not just stop at making seamless transactions. Service providers should strive to provide a whole set of financial experience under a single basket. When customers use the mobile platform, they can also arrange a loan, check their personal finance history and access wealth management products,” Chan said.

CKGSB’s Xiang, a professor dedicated to developing the mainland’s management education sector, said companies must formulate clear e-business strategies if they strive to expand



Guests and audience members listen to the roundtable as speakers share their views on the smart economy.

in the mainland market.

“Mainland companies are getting more sophisticated and possess so much money to buy technologies and brands from Western economies such as Germany and Japan. If you want to compete in the mainland market, you have to do your homework,” Xiang cautioned.

The prospects for the mainland’s digital economy are positive, and Hong Kong can also play a pivotal role in this digital economy, the panelists agreed. “Hong Kong has to drive the growth of the digital economy for its survival, as the local economy is not doing well. Driving the technology sector is the next step,” HKSTP’s Albert Wong said.

“Spending on research and development in Hong Kong accounts for less than 1 percent of the city’s GDP. We need to raise awareness to change this situation — and this is a long journey,” Wong added.

“Hong Kong is an integral part of the global village — a worldwide better-connected communication system which is reshaping the economy at an accelerating pace,” financial services provider Equiom Group’s head of e-Business Peter Greenhill reckoned. “The process will create new companies and jobs while reducing costs and risks.”

CKGSB’s Xiang suggested e-commerce companies should formulate their business strategy at a higher level. “In the era of smart economy, innovation and entrepreneurship need to go beyond wealth creation. We need more people to innovate for interest, responsibility and solving global problems,” he said.



Joseph Chan (left), founder and CEO of AsiaPay, shares his experiences of expanding the e-payment business and applying technology in the financial industry.

AsiaPay chief recounts quest to apply fintech

By DUAN TING in Hong Kong
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“The passion to apply technology in the financial world drove me to boldly start an e-payment business,” Joseph Chan, CEO of AsiaPay, said at the China Daily Asia Leadership Roundtable.

The founder of AsiaPay, a premier electronic payment solution and technology vendor and payment service provider, recounted that he had been thinking about how to apply technology in the financial world since his college years at Monash University, Australia, where he received Bachelor of Computer Science and Master of Economics degrees. Chan went on to serve in management positions at Barings, Citibank, Bank of America and Dah Sing Bank. During those years working in financial institutions, he accumulated technical and management experience in systems as well as product design and development.

But Chan always kept in mind his original passion for using technologies to enhance financial products for consumers. And when he decided to give up his stable banking job and start up his own busi-

ness in 2000, the concept of e-payments was quite new and without any proven business model. Meanwhile, Hong Kong had just gone through the dot-com bubble.

During 1995 to 2001, stock markets in industrial nations saw their equity value rise rapidly from growth in the internet sector and related fields. By early 2000, reality started to sink in and the dot-com dream had devolved into a classic speculative bubble.

“It was really a challenging decision to found the e-payment business,” Chan admitted. By 2003, the global economic downturn and the SARS outbreak were severely affecting commercial activity in Hong Kong, while at that time his company was still largely unknown and lacked enough funding support. Hence, business in the first three years was not as good as expected. Nevertheless, the company grew from a one-man band to a dedicated team. Chan praised the persistence and hard work of the team in continuing to improve their platforms and products. AsiaPay expanded its client base from merchants only to include banks. This was a turning point which helped the company to

60 percent

the market share AsiaPay has in the Hong Kong e-payment industry

increase its cash flow and vastly improve its products.

In 2005 the company broke even and was able to realize the ambition of expanding to open branches outside Hong Kong. Currently, according to Chan, AsiaPay has over 60 percent of the market share in the local e-payment industry and has become the top payment service provider in Southeast Asian countries such as the Philippines, Thailand, Singapore and others. AsiaPay is also a pioneer in providing e-payment service on the Chinese mainland.

Now AsiaPay is an accredited payment processor and payment gateway solution vendor for banks, a certified Internet Payments Service Provider (IPSP) for merchants, and a certified international 3-D Secure vendor for Visa, MasterCard, American Express and JCB. It offers a variety of solutions that are multi-currency, multilingual, multi-card and multi-channel, together with its

advanced fraud detection and management solutions.

Comparing AsiaPay’s business advantages with those of its competitors, Chan emphasized the comprehensiveness of the company’s payment products, the participation of banks in Asia, and its technological ability in platforms and security management as well as comprehensive local operation coverage.

Recently, Apple Pay entered into the Hong Kong market. Chan said he sees Apple Pay more as a collaborator than a competitor — AsiaPay provides payment processing solutions that support Apple Pay, so their relationship is like that of “collaborative competitors”.

Chan said the company’s most urgent target currently is to increase the pace of expansion to cover not only Asia but also other global markets.

Regarding the development of fintech in Hong Kong, Chan said that innovation never stops and technology is improving every second. He believes Hong Kong has the most stable telecom infrastructure and advanced financial systems to support the fintech industry and the development of startups.

Science Park CEO: Proactive agenda crucial to innovation

By SOPHIE HE in Hong Kong
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Hong Kong has great fundamentals to develop innovation technology and the industry will continue to progress along with an evolving mentality and atmosphere, according to Albert Wong, CEO of Hong Kong Science and Technology Parks Corporation.

Innovation technology is crucial to Hong Kong as it delivers economic benefits, provides jobs, and creates more technology in the city, Wong said on the sidelines of a China Daily roundtable in Hong Kong on Tuesday.

Wong also referred to the Global Innovation Index 2016 Report, published by Cornell University, INSEAD and WIPO on Aug 15, in which Hong Kong ranked 14th while Singapore ranked sixth.

In 2013, Hong Kong ranked seventh in the Innovation Index; in 2014, 10th; in 2015, 11th. This shows the city is declining in terms of innovation. And despite ranking second globally in terms of “innovation input”, which measures talents, government policy and infrastructure, when it comes to “innovation output”, which measures creativity, innovation products and commercialization, Hong Kong ranks 25th.

Wong believes the report proves that Hong Kong has good fundamentals to develop innovation technology, while students and young people in Hong Kong are strong in studying science,



Albert Wong, CEO of Hong Kong Science and Technology Parks Corporation

“The biggest thing for Science Park to do to boost the innovation technology industry is to build an ecosystem and encourage research and innovation development using Science Park or other areas as the venue.”

technology, engineering and mathematics.

“But are they really dedicated to innovation technology? Maybe not; we need to help them,” Wong said.

The mindset will change gradually, he said, adding that the fundamentals are there and the knowledge is there, while an innovation shift really starts with society, the culture, parents, and finally the general atmosphere.

Wong pointed out that the biggest thing for Science Park to do to boost the innovation technology industry is to build an ecosystem and encourage research and innovation development using Science Park or other areas as the venue.

“In Science Park we want people to come and interact and to work with each other. Currently we have 13,000 people and 610 companies working in the Science Park; we connect all these people, we let them collaborate and then we catalyze the innovation.”

Wong said his advice to the younger generation is that they should just go after their dreams.

“What you think is best for you, you should just go after that. There are opportunities in the innovation and technology industry, and if this is something you like to do and it is your passion, go after it. I have seen many people going after their dream.”

In terms of the government, Wong said it has done a lot of work in promoting innovation and technology. But he added there is always room to provide more opportunities for promoting new technologies, while keeping an open mind will further enable startups and small companies to develop such technologies.