

# Innovation to drive change

Businesses should take advantage of technology and trade initiatives to be more open and collaborative

By YANG HAN in Kuala Lumpur  
kelly@chinadailyapac.com

In a time of disruptive technologies and global change, ways of thinking must adapt to shape the future entrepreneurship ecosystem.

This was the focus of speakers gathered at the second Global Entrepreneurship Community Summit. With the theme Designing the Future, the Dec 12-13 forum in Kuala Lumpur brought together almost 15,000 entrepreneurs, investors and policymakers from 80 countries.

Innovation is not limited to startups and the private sector. Instead, it requires the participation of everyone involved, said Malaysian Prime Minister Najib Razak.

"Here in Malaysia, we have been pursuing innovation in the public sector with our National Blue Ocean Strategy, or NBOS. This has transformed the way government works, and has made a significant contribution to our national development," said Najib.

Introduced in 2009, NBOS is in line with the principles of Blue Ocean Strategy, with a focus on high impact, low cost and rapid execution to national development.

Blue Ocean Strategy is a marketing theory from a 2005 book by W Chan Kim and Renee Mauborgne of the INSEAD business school, which describes how successful businesses capture uncontested market space in "blue oceans" and render competition irrelevant.

Najib said NBOS has been a key pillar of Malaysia's national development. Since its formation, more than 90 government ministries and agencies are now collaborating to break down bureaucratic silos and have developed over 115 creative and innovative initiatives.

A case in point is the Urban Transformation Centre, a one-stop center that provides more than 30 different services from the government, non-governmental organizations and the private sector.

Najib said the government will continue to work to nurture Malaysia's abundant talented young entrepreneurs for them to succeed. "It is imperative that we do so, so that young innovators are at the forefront of carrying forth the country's vision into the next generation in line with our TN50 program," said Najib.

TN50, which stands for Transformasi Nasional 2050 (National Transformation 2050), is the country's 30-year development program that has engaged nearly 2 million Malaysians so far.

During the summit, Najib announced the launch of a number of initiatives, including the Social Impact Exchange (a funding plat-



Panelists at the second Global Entrepreneurship Community Summit in Kuala Lumpur discussed how entrepreneurs must adapt their business strategies in the face of disruptive technologies and global change. PROVIDED TO CHINA DAILY ASIA WEEKLY

form for social intervention projects), Southeast Asia's first United Nations Technology Innovation Lab, and eFM, the region's first entrepreneurship Internet radio station.

Najib said the Malaysian Global Innovation & Creativity Centre (MaGIC), one of the initiatives led by NBOS, will play an important role in changing the mind-set of the private and public sectors through the creation of Innovation Superclusters.

## Shared vision needed

Designed around future high-growth sectors for Malaysia, Innovation Superclusters is a project starting in 2018 to build large network innovation platforms and connect multiple players across a wide ecosystem, including startups, corporates, regulators, risk capital and academics, said Ashran Ghazi, CEO of MaGIC.

"This effort cannot be accomplished from a country's point of view," said Ashran, addressing the need for international collaboration with shared vision. "It should be at least from a region's aspect, if not global aspect."

Ashran said companies, especially large enterprises, should make the shift to "open business model innovation" as many of them used to focus only on building their own business kingdoms by themselves. In the face of disruptive technologies, companies need to be more open, more sharing, more connected and more collaborative.

The China-led Belt and Road Initiative can bring opportunities to today's entrepreneurs, said Koh King Kee, director of the Belt and Road

Desk at accountancy and advisory firm Baker Tilly Malaysia.

Proposed by Chinese President Xi Jinping in 2013, the Belt and Road Initiative refers to the Silk Road Economic Belt and 21st Century Maritime Silk Road. The ambitious plan is for a trade and infrastructure network that revives the ancient Silk Road routes and boosts connectivity between Asia, Europe and Africa.

Koh said infrastructure connectivity is the initiative's top priority as projects like roads, railways and industrial zones will be built in the economic corridors along the Belt and Road.

According to the Asian Development Bank, the Asia-Pacific region will need \$26 trillion to meet its infrastructure demands by 2030, or \$1.7 trillion of infrastructure spending each year.

"Most of the engineering-procurement-construction (EPC) contracts of infrastructure projects are financed by China and are undertaken by Chinese State-owned enterprises," said Koh. "In 2015, Chinese companies signed almost 4,000 EPC contracts in 60 Belt and Road countries."

But there are still plenty of opportunities for multinationals as well as local companies to participate, as they can be equipment or material suppliers or service providers, he said.

Small and medium-sized enterprises (SMEs) in Malaysia will "benefit the most and immediately" as e-commerce and the digital economy are heavily promoted under the Belt and Road Initiative, Koh said.

China's social network and gaming firm Tencent said it has made a

breakthrough in gaining an e-payment license to offer local payment services via its WeChat Pay and plans a launch next year. This will make Malaysia the first foreign country to roll out this platform beyond the Chinese mainland and Hong Kong.

In November, together with the Malaysian government, China's tech giant Alibaba launched a regional e-commerce hub near Kuala Lumpur International Airport. The project is part of Alibaba founder Jack Ma's vision to create an Electronic World Trade Platform (eWTP) where people can "buy global and sell global".

This hub, Malaysia's Digital Free Trade Zone (DFTZ), is a joint initiative of Alibaba and the Malaysia Digital Economy Corporation (MDEC), an agency which aims to drive the digital economy in Malaysia under the country's Ministry of Communications and Multimedia.

## Supporting SMEs

Song Hock Koon, director of MDEC's eCommerce & Digital Free Trade Zone division, said DFTZ is of vital importance as it not only serves as a bridge between China and Malaysia but also helps Malaysian SMEs to export to China and beyond. He believes the platform, the first of its kind outside China, will also help position Malaysia as the regional hub for e-commerce logistics.

More than 1,900 SMEs applied when DFTZ was first launched, and its aim, according to MDEC, is to increase SMEs' goods exports to \$38 billion, create more than 60,000 jobs and support \$65 billion worth of goods moving through the platform by 2025.

Instead of land, resource or fund-

ing, talent and ideas are the only two focuses when talking about the technology side of the Belt and Road Initiative, said Jason Yu, executive vice-president of Tus-Holdings. The company is a subsidiary of Tsinghua Holdings, the technology investment arm of Beijing's Tsinghua University.

The company is in talks with the Malaysian government to promote the transformation of local SMEs, helping them upgrade their businesses in preparation for the Fourth Industrial Revolution, or Industry 4.0.

"Green technology, clean energy, the digital economy will all be our focus in the future," said Yu.

Yu encourages Malaysian companies, as well as companies in other Belt and Road countries, to expand their business to China for both the local and global market, as the environment is conducive to fostering innovative projects and talent.

He noted that in Suzhou, in East China's Jiangsu province, there are 112 research institutes set up by universities worldwide and which all have support and investment from the local government.

The summit also witnessed the presentation of the third ASEAN Rice Bowl Startup Awards, the official circuit in member countries of the Association of Southeast Asian Nations for the Global Startup Awards.

Malaysian on-demand delivery company Zoom took the honor of Startup of the Year. Previous award winners include leading Southeast Asian on-demand transportation and mobile payment platform Grab and Indonesian motorbike-hailing startup Go-Jek.