



Op-Ed – “Good to Grow: The environment for Asia’s Internet Businesses”

by Dr. John URE, Executive Director, Asia Internet Coalition

Asians have taken to the Internet with gusto. From the fishermen of South India, who access it via their mobile phones, bringing transparency to hitherto opaque, inefficient markets, to South Korea’s young, urban hipsters, who watch high-definition streaming videos on ultra-fast mobile broadband networks, Asians are using the Internet in many different way to improve the quality of their lives.

Some of the region’s Internet-related statistics are staggering. For instance, China alone has more than 560m people online. India and Indonesia, meanwhile, each have more Facebook users than the likes of Mexico and France.

It is somewhat ironic that Psy, the South Korean rapper, had to rely on YouTube, an American platform, in order to bring Gangnam Style to a global audience. Korean video platforms are, among other things, hampered by laws that require users and viewers to have a Korean social-security number.

As an Asian trade association representing some of the largest internet companies in the world, we wondered when Asia will produce a global internet giant and if there were social or institutional factors hindering global platforms from emerging out of Asia. Given that Asia is home to nearly have the world’s internet users, one would expect more Asian names to play a prominent role in the global internet arena.

We commissioned the Economist Intelligence Unit (EIU), a global research group, to consider these questions. They interviewed senior executives from more than 30 online ventures and investors around the region, it examines the business environment faced by online content and platform creators in Asia.

The report makes clear that one of the biggest changes necessary for Asia isn’t more infrastructure or cooler devices, it’s a change in attitudes among business and government leaders that takes into account that the Internet is, first and foremost, a global opportunity for any business and country. The local market should be viewed as a stepping stone.

On the business side, entrepreneurs in Asia tend to be complacent about the size of their home markets. The enormity of China and India can make expansion for the rest of the world seems unnecessary. Yet can you imagine if Google and Facebook had simply settled for their huge domestic market? Some Asian platforms found this out by what the EIU calls “accidental globalization.” Korean firm NHN made a chat app called Line that it thought was aimed at the Japan market. It turned out that a lot of people around the world liked it as much as any hip Tokyo resident. NHN is marketing the app across East Asia, Spain, and Chile. It currently has 120 million users in over 40 countries, and is aiming for 300 million. Johanan Sen, the business strategy director at Pop Digital, a Malaysian digital content firm, sums it up to the EIU this way: “I think we need to flip the old saying, making it ‘think local, act global’.”



But the report makes it clear how difficult this is. Prohibitive regulatory systems, lack of payment solutions, local language focus, approach and available local talent are all highlighted as hurdles for Asia's platforms and creators to grow.

Laws aimed at making the Internet fit Asian politicians' ideas of how the Internet behave bring Asian companies obstacles that Amazon and Google never had to face when they were starting up in their home markets. In India specifically, there are instances in which small companies have to hire staff to constantly monitor content. For example, Quickr, an online classifieds site, employs 100 people to monitor content out of a full-time staff of 400. The resources required to do the job could clearly be devoted to other activities. According to Faisal Farooqui, the founder of MouthShut.com, a consumer product review site, which is challenging the country's IT laws in India's Supreme Court, the rules are "so vague that it cannot be predicted with certainty as to what is prohibited and what is permitted. A consequence of this law would be the delegation of essential executive function to private parties. like MouthShut.com, to censor and restrict free speech of citizens or else face legal challenge for user's content". Mr Farooqui says that his company has been hit with hundreds of legal notices and been harassed by police on behalf of companies who were unhappy with the reviews of their products posted on the site.

The people in Asia who don't need their minds changed are the consumers themselves. They have a very clear vision of what they want from Internet. They want it to work for them. They want to post and view amazing content and share their experiences with family and friends. Line's spread shows how aligned a consumer in Japan is with a consumer in the Middle East or Chile. Governments and business leaders should see this as an opportunity and follow Asian consumers' lead as they craft business strategies and domestic regulations that encourage local Internet businesses to more easily compete globally.

This report contains lots of interesting results. We hope it will be the beginning of a conversation to promote the digital economy across Asia.

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