

## The 13<sup>th</sup> Northeast Asia Economic Forum

17-18 September 2004  
Seoul Korea

# What the Doctor Prescribes for Launching and Sustaining a Viable E-trade Initiative?

Justin YUE  
Chief Executive Officer  
Tradelink Electronic Commerce Limited



The 13<sup>th</sup> Northeast Asia Economic Forum

## The Objective

To help an “economy” increase and maintain  
competitiveness in international trade through  
the use of Electronic Commerce

To jump start and incentivise the business  
community’s adoption of Electronic Commerce



The 13<sup>th</sup> Northeast Asia Economic Forum

## The Proven Strategy

- (a) Start with creation of electronic Government services, and through the use of such services by the business community enhance the IT readiness of the users (the B2G services).
- (b) Use the B2G services as the building block and create value-adding commercial services to connect the business community to its suppliers and buyers world-wide (the B2B services).



The 13<sup>th</sup> Northeast Asia Economic Forum

## The Proven Strategy

- (c) In most cases, the use of a service provider (as opposed to the Government developing and operating such services) is the preferred solution.



The 13<sup>th</sup> Northeast Asia Economic Forum

## Successful Cases

- (a) Hong Kong - Tradelink
- (b) Singapore - CrimsonLogic
- (c) Korea - KTNNet
- (d) Taiwan - Trade-Van



The 13<sup>th</sup> Northeast Asia Economic Forum

## NECESSARY INGREDIENTS FOR SUCCESS



The 13<sup>th</sup> Northeast Asia Economic Forum

# Necessary Ingredients for Success

An examination of the successful cases reveal what are the critical factors.

- (a) **Government Support**
- (1) Financial
  - (2) Exclusive franchise
  - (3) Mandatory use of services



The 13<sup>th</sup> Northeast Asia Economic Forum

## Government Support (1)

Government equity participation

- seed money
- as shareholder and directors of the board of the service provider to act as a bridge to co-ordinate business direction of service provider with Government trade policies
- as investment



The 13<sup>th</sup> Northeast Asia Economic Forum

# Tradelink as Example

## Shareholders

The Hong Kong Government	42.49%
The Hongkong and Shanghai Banking Corporation Ltd (HSBC)	8.78%
Pacific Century CyberWorks (PCCW)	8.78%
China Resources (Holdings) Ltd	5.30%
Hong Kong Air Cargo Terminals Ltd (HACTL)	5.30%
Modern Terminals Ltd (MTL)	5.30%
Swire Pacific Ltd	5.30%
TAL Apparel Ltd (TAL)	4.73%
Hongkong International Terminals Ltd (HIT)	4.69%
The Hong Kong General Chamber of Commerce (HKGCC)	4.08%
The Federation of Hong Kong Industries (FHKI)	3.48%
Standard Chartered Bank	1.55%
HK Association of Freight Forwarding & Logistics Ltd (HAFFA)	0.22%



The 13<sup>th</sup> Northeast Asia Economic Forum

## Government Support (2&3)

- 7-year exclusive franchise for specified trade transactions from 1997 to 2003
- Compulsory migration programme



The 13<sup>th</sup> Northeast Asia Economic Forum

## Necessary Ingredients for Success

### (b) Addressing cost concerns of users

#### Requirement:

Use of the electronic services must not result in extra operational cost for the users

- Low transaction fees
- Free registration
- Free customer software
- Free digital certificates for electronic signatures



The 13<sup>th</sup> Northeast Asia Economic Forum

## Necessary Ingredients for Success

### (c) Customer services support

Customer Hotline Service to handle customers' enquiries and requests for assistance

- Dual call centres
- Three-tier
- Sophisticated Customer Relation Management System
- Dedicated training centres



The 13<sup>th</sup> Northeast Asia Economic Forum

## Necessary Ingredients for Success

### (d) A network of service centres

(for the non-computerized companies)

- Conversion of paper documents to electronic form



The 13<sup>th</sup> Northeast Asia Economic Forum

## Benefits to the Trading Community

### Before

- Paper Documents
- Each document needed to be prepared separately
- Delivered to Government centers by post, by courier, or in person
- Documents accepted only during office hours (9:00 a.m. to 5:00 p.m.) on weekdays
- Manual processing of paper documents takes time
- Manual payment by cash, cheque or stamps

### After

- Electronic messages
- Same data can be re-used for different documents
- Electronic documents sent via direct dial-up or Internet
- 24 hours x 7 days a week
- Automated computer processing of electronic documents is much quicker
- Computerised bank settlement process



The 13<sup>th</sup> Northeast Asia Economic Forum

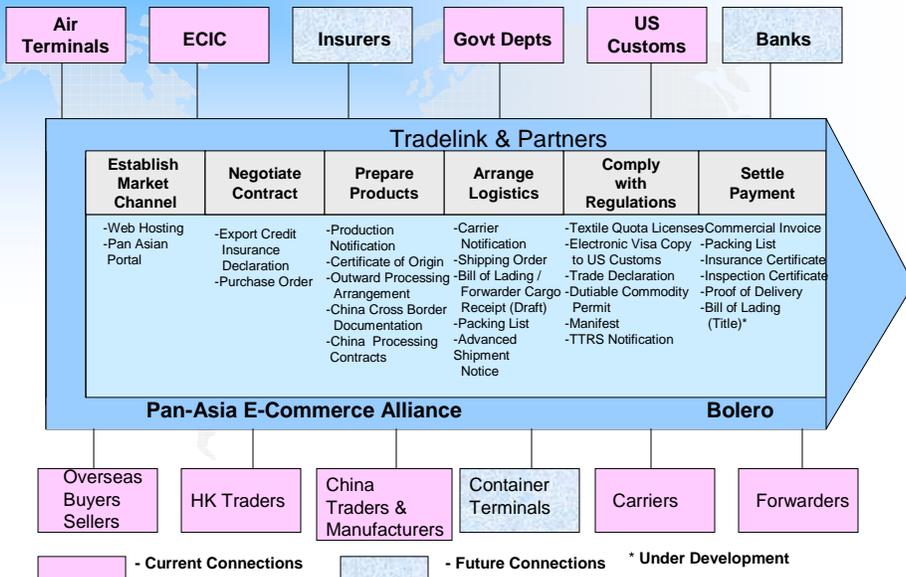
# Tradelink's Electronic Services

Trade Related Government Services as the Basic Building Block



The 13<sup>th</sup> Northeast Asia Economic Forum

## Tradelink's Role as e-Business Magnet in International Trade Transactions



The 13<sup>th</sup> Northeast Asia Economic Forum

# Results

## Tradelink today -

- Over 53,000 customers
- 17 million transactions per year
- More than US\$10 million profit in a year



The 13<sup>th</sup> Northeast Asia Economic Forum

## Future directions .....

- (A) Pan-Asian e-Commerce Alliance
- (B) DTTN/ E-Trade Platform and similar



The 13<sup>th</sup> Northeast Asia Economic Forum

## (A) Pan Asian e-Commerce Alliance

Established in July 2000, PAA aims to promote and provide secure cross border electronic services for efficient global trade and logistics.

Members	No. of Customers
CIECC (China)	10,000
KTNet (Korea)	30,000
CrimsonLogic (Singapore)	25,000
Trade-Van (Chinese-Taipei)	25,000
Tradelink (Hong Kong)	53,000
DagangNet (Malaysia)	2,000
TEDMEV (Macau)	500
TEDI Club (Japan)	80
CAT (Thailand)	2,000
	<hr/>
	147,580



The 13<sup>th</sup> Northeast Asia Economic Forum



The 13<sup>th</sup> Northeast Asia Economic Forum

## (A) Pan Asian e-Commerce Alliance

### Initiatives

- ◆ Trust in cross border transactions through:
  - Legal framework for electronic cross border trade transactions
  - Mutual Recognition of Digital Certificates amongst members of the Alliance, Six Certification Authorities recognized (HK, Taiwan, Korea, Singapore, Japan, China)
- ◆ Secure cross border trade transaction services



The 13<sup>th</sup> Northeast Asia Economic Forum

## (B) DTTN/ E-Trade Platform

Central e-platform to facilitate regional and global information flow and service integration by

- Stimulate innovative value added services
- Catalyst to promote SME e-business adoption



The 13<sup>th</sup> Northeast Asia Economic Forum

# The Hong Kong Model

Tradelink has been asked by the Hong Kong Government to build and operate the Digital Trade and Transportation Network (DTTN) to serve the 9 business sectors:-

- (1) buyers/ importers
- (2) sellers/ exporters
- (3) freight forwarders including third party logistics service providers
- (4) carriers (ocean, river, road, rail and air) including express integrators
- (5) Terminals
- (6) government and its agencies
- (7) banks and financial institutions
- (8) insurance companies
- (9) inspection agencies



The 13<sup>th</sup> Northeast Asia Economic Forum

# The Hong Kong Model

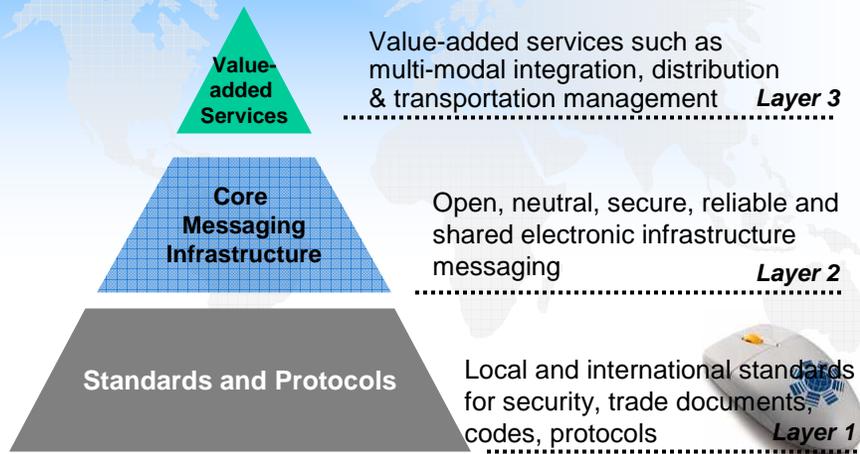
## through the conversion of

some 60 commercially used business documents, and allow/accept the use by customers of most of the commonly used international standards and protocols.



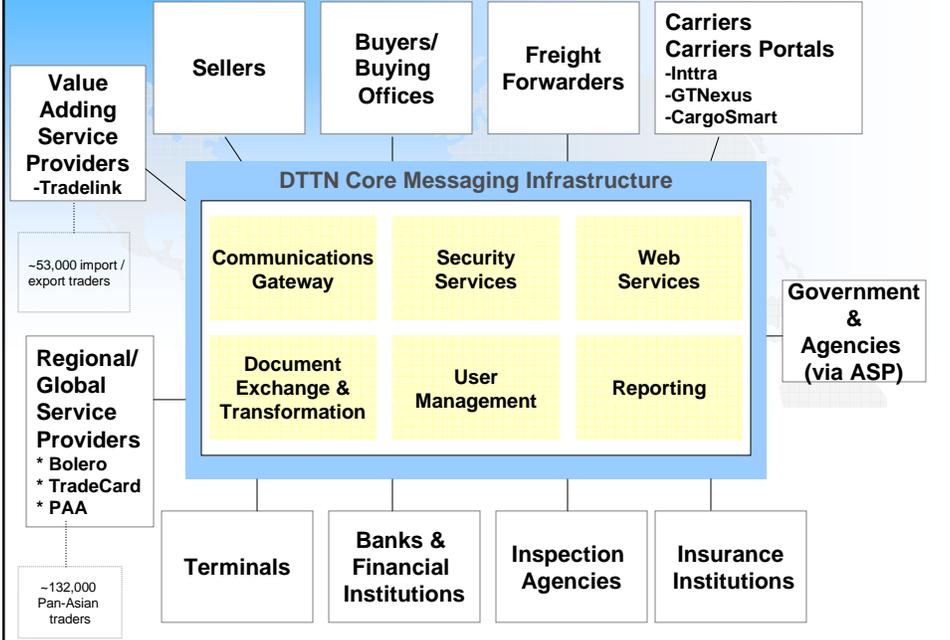
The 13<sup>th</sup> Northeast Asia Economic Forum

# The Hong Kong DTTN 3-Layer Model



The 13<sup>th</sup> Northeast Asia Economic Forum

## Community Role of the DTTN



## The 13<sup>th</sup> Northeast Asia Economic Forum

17-18 September 2004  
Seoul Korea

**What the Doctor Prescribes for Launching  
and Sustaining a Viable E-trade Initiative?**

**THANK YOU**

Justin YUE  
Chief Executive Officer  
Tradelink Electronic Commerce Limited



The 13<sup>th</sup> Northeast Asia Economic Forum