

The Future of Asian Online Communities

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Summit

Asia: The Good News



⌘ 61% of world population (3.6 bn)

⌘ 67% literacy rate (97% in US)

⌘ 35% of global 1998 GDP

BUT

**0.9% Internet penetration
(23% in US)**

Asia: The Not So Good News

⌘ Fragmentation

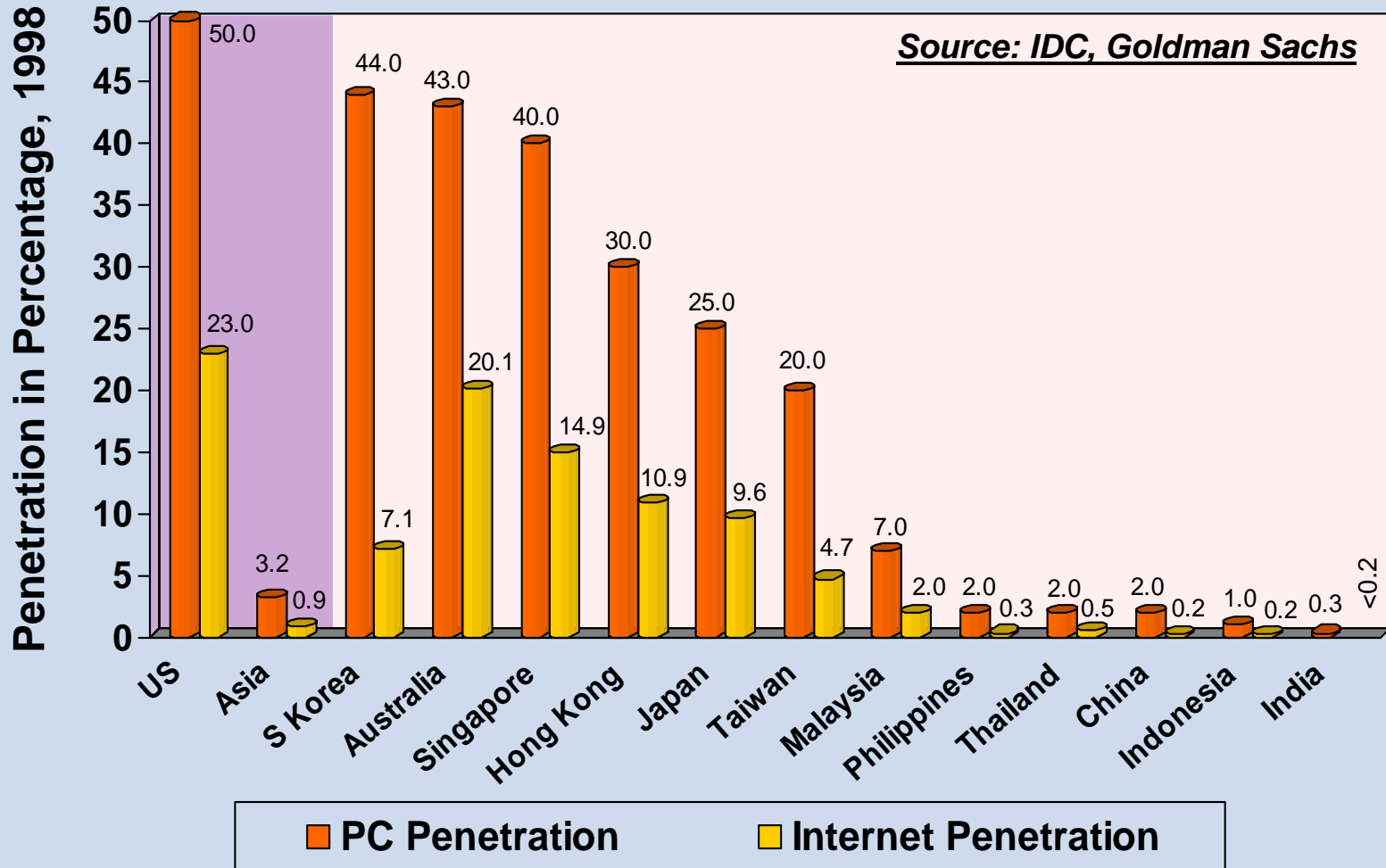
- 24 countries, 24 governments, 24 regulators
- 2,000 languages
- GDP per capita ranges from US\$200 to US\$30,000

⌘ No economies of scale like US

⌘ Not yet technology-savvy

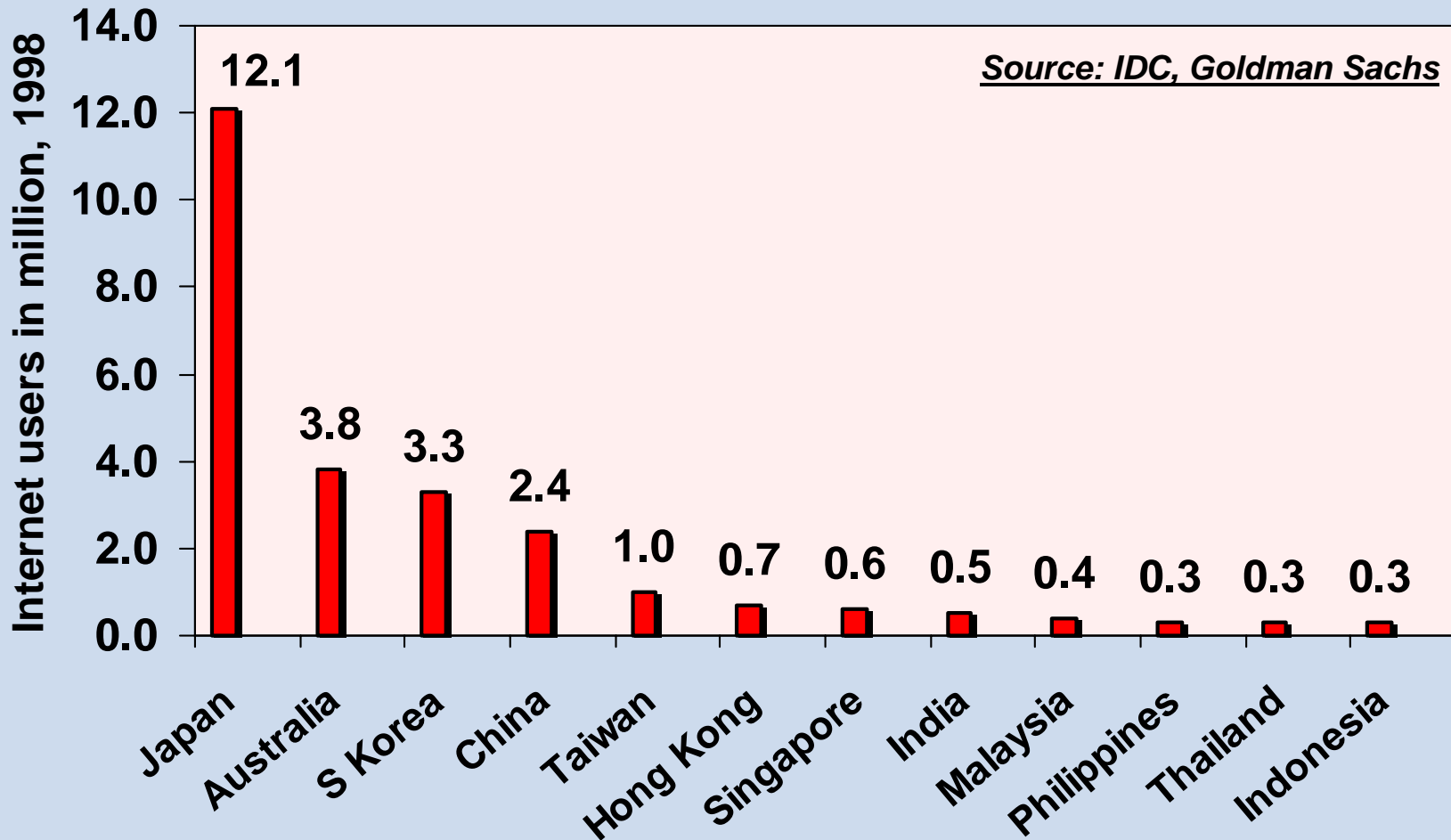
Asian Internet Penetration

Highest penetration in Australia, Japan, Korea, Singapore and HK.



Asian Absolute User Numbers

26.6 million Internet users in Asia vs 62 million in US.



The Internet is Looking Up in Asia



- ⌘ Like US, Asian stock markets accord same premiums to Internet plays
- ⌘ Asian governments are pushing Internet development
- ⌘ Asian Nasdaq-bound wannabes proliferate
- ⌘ VC funds and new angels flooding into Asia
- ⌘ Strong focus on online communities in Asia

Online Communities can be interest groups, businesses & consumers that are grouped in 2 broad areas:



- Pure Portal Communities
- E-Commerce Communities

Asian Online Communities: Portals Today

- First emergence of horizontal portals along two major language platforms - English & Mandarin
- Vertical portals follow US categorizations: finance, entertainment, news, computers
- No truly massive branded Asia portals like in US
- Early adopters / developers sought US name brands
- US content dominates
- Most have vague revenue targets
- Limited advertising revenue

Asian Online Communities: E-Commerce Plays

- Very many but none visually striking or strongly branded
- B2B said to be most viable: still not fully developed
- B2C / C2C are less developed: "small" in scale but similar wonderful opportunities ahead

Asia E-Commerce Potential:

US\$3 bn in 1999 vs US\$127 bn in US
US\$33 bn in 2003

Source: IDC, BCG, Forrester

What Will Asian Online Communities Look Like?

Portals

- Cross-country online communities are tough sell
- Asian communities prove US size or homogeneity is not necessary condition for success
- Portals will be disaggregated
- Local (or language) centric content is one hot play
- Branding is important: either US-affiliated or self-spend to promote
- Well-branded global Internet players, when they come, will dominate Asian communities in “ubiquitous areas”
- But cultural diaspora will be more than sufficient to keep original Asian portals viable

What Will Asian Online Communities Look Like?



E-Commerce Platforms

- ⌘ No-brainer: fulfillment, convenience, branding, ubiquity, reliability and security define e-commerce success anywhere
- ⌘ Success will be apparent first in culture- and language-neutral products and services
- ⌘ Country borders increase costs of fulfillment
- ⌘ In-country vertical models are mainstay

**Online Communities
must ultimately
justify the valuations
we are seeing today**

