



# **New Roles for SMEs in Global Market**

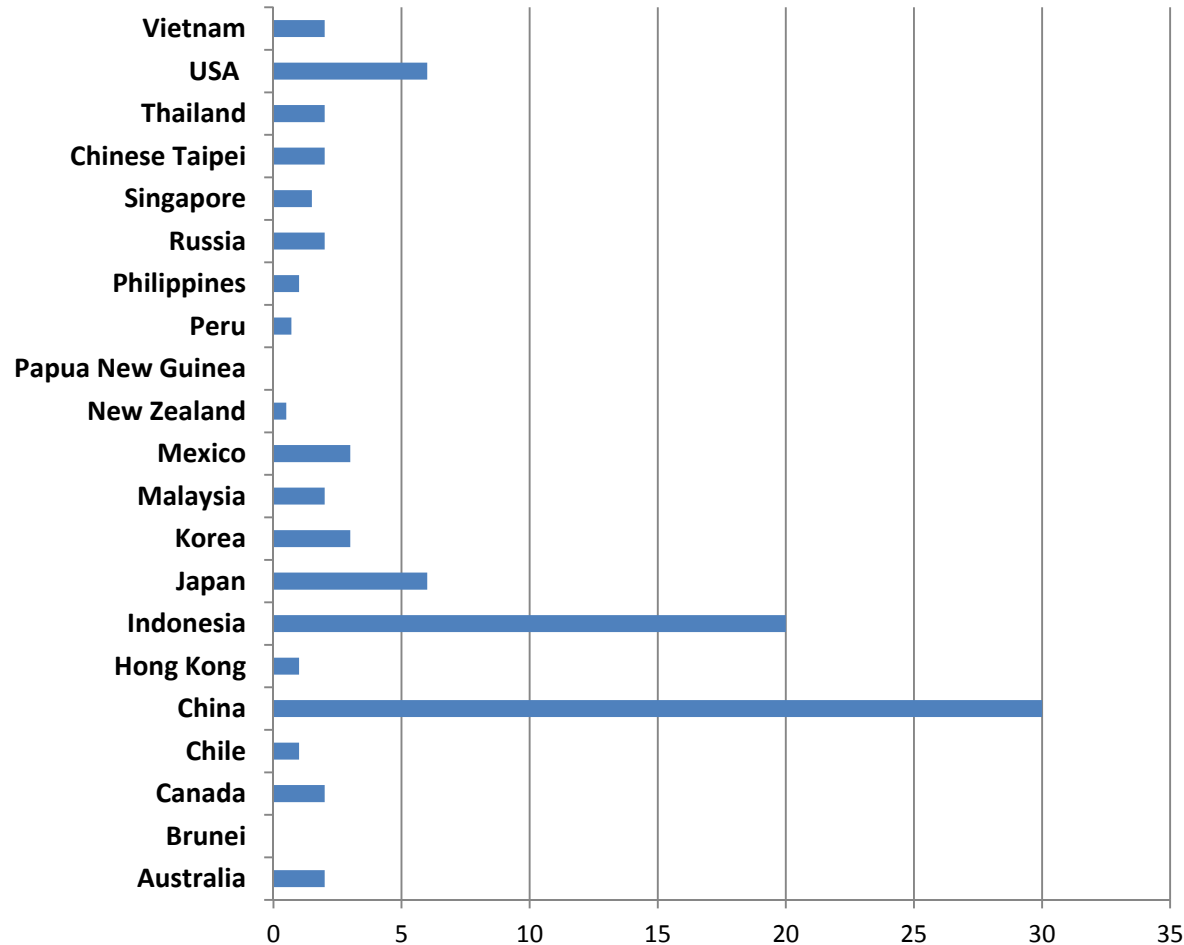
by:

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# There are now about 77 million SMEs in APEC



There are now about 77 million SMEs in APEC, about 30 million of them in China and 22 million in the USA ...

Account for between 30-60% of GDP in individual economies.

Provide over 60% of total employment.

# Small Medium Enterprises (SMEs) in APEC

SMEs = 98% of the APEC economy

APEC can be one single market but SMEs internationalization is challenged by:



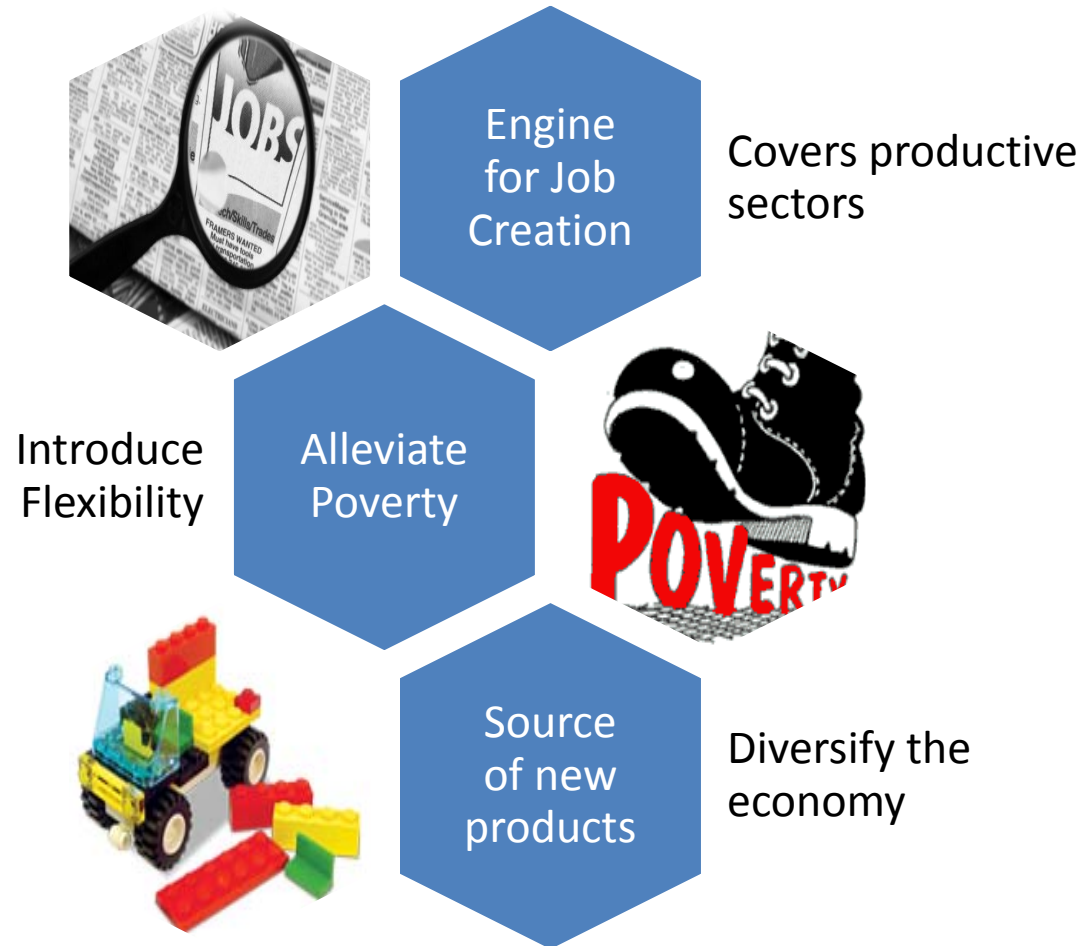
- Limited financial resources
- Diversity among the different markets



40% of products/services are not successful

Source: [www.apec.org](http://www.apec.org)

# The Importance of SMEs in Developing Countries



# Challenge in developing resilient, competitive & innovative SMEs...

**Capacity building** key to improve viability of SMEs to grow & withstand foreign competition

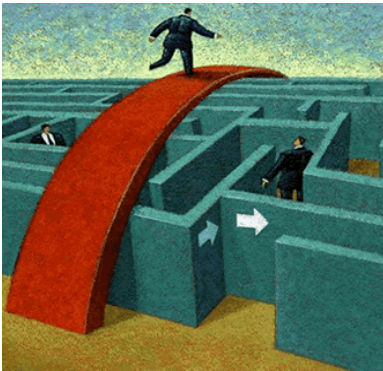
**Financing** essential to develop medium & fast growth companies to become champions

Expand **marketing channels** for Malaysian SMEs to become regional/global players

Formalise and bring **microenterprises** into the mainstream – bottom 40%

# Opportunity during Crisis

During the 2009 downturn survey shows that this recession will serve as a catalyst for economic revival. . .

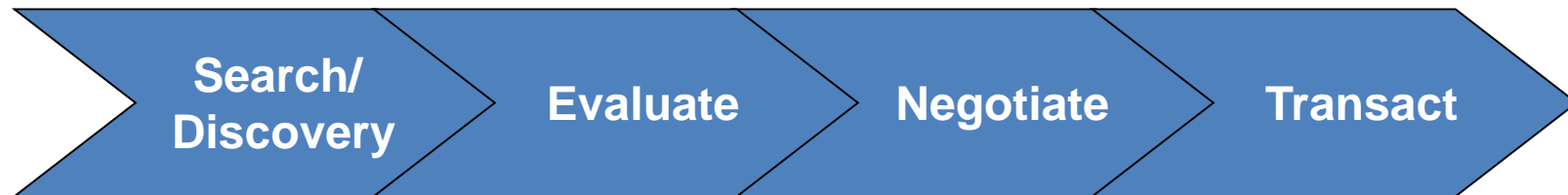


- 75% of Americans surveyed believe new entrepreneurs and SMEs will be the key to economic revival
- 4 out of 5 considered starting their own business
- 44% who considered starting their own business said not understanding where to find the right suppliers was the top reason for not moving forward

**. . .and those who embrace disruptive technology, will survive and thrive while those who do not will die**

# Traditional Sourcing Work Flow

With the internet, B2B sourcing and selling is much easier



**Average sourcing cycle: 3.3 – 4.2 months**

- 52% of time spent searching for/identifying appropriate suppliers
- 18% of time spent on RFQ development/ RFQ response
- 20% of time spent on screening/sorting proposals
- 10% of time spent on contract negotiations

## Traditional Sources of Supplier Information

-Referral (colleagues, associates)  
-Trade shows  
-Industry magazines, trade journals

-Industry associations  
-Trade directories  
-Existing suppliers

# e-Commerce Is The Way To Go

*“ We will build an ecosystem that promotes the pervasive use of ICT in all aspects of the economy to create communities connected globally & interacting in real time “*

**Dato’**

**Sri Najib Tun Abdul Razak, Prime Minister of Malaysia**

*“ Malaysia’s online consumer market is positive as Malaysians spent RM1.8 billion shopping online last year “*

**PayPal**

*“ Logistics in e-commerce is much easier because location choice is more flexible, permitting the use of lower cost that would not have been considered otherwise “*

**Digital Malaysia Lab**



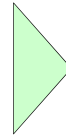
# e-Commerce Is The Way To Go

The advent of eMarketplaces has helped to address many of these issues

## Challenges

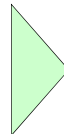
## Solutions

Lack of foreign market knowledge



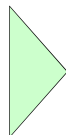
- Online market research
- User forums/knowledge sharing
- Robust global online company database

Lack of confidence in doing international trade



- On-Offline partnerships (tradeshows, buyer-seller matching events)
- Public-Private partnership (TPOs/TPAs)

Limited capital and resources



- Cost effective online marketing tools
- Low cost communication tools

# Malaysia's Experiences

1,467 companies benefitted from special RM200 AdWords coupon or 'Sponsored Links'



Promote Cloud Computing Among Malaysian SMEs



provide online B2B platform to assist SMEs adopt the online-based applications (SaaS)

**E-commerce collaborations**

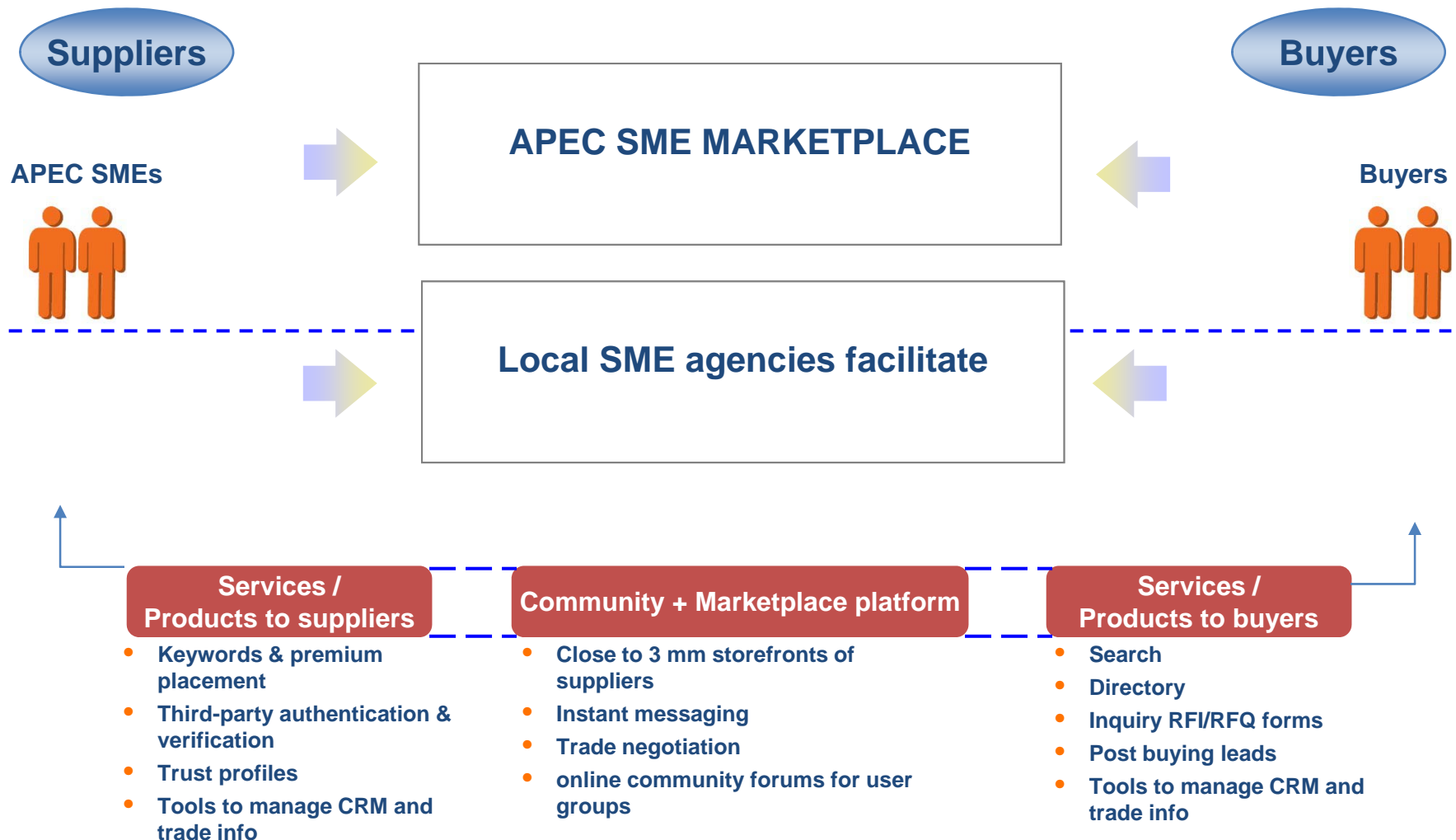


To equip SMEs with knowledge to market their products internationally



10 SMEs selected for business makeover

# Possible APEC market place



# Implication for APEC SMEs



Improves access to sparse market knowledge

A new approach to user innovation and co-creation



Collaboration among different SMEs active in different countries

Thank you



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