

**SMU Convocation**  
**Address by Victor K. Fung**  
**12 August 2016**

**Preparing for an Era of Great Global Transformations**

Good evening everyone.

Mr. President (De Meyer), Mr. Chancellor (Pillay), Chairman of the Board (Mr. Ho Kwon Ping),

Members of the Board of Trustees, Members of the Faculty and Staff,  
New Students and Parents

Friends, Ladies and Gentlemen.

It's a great honor to join you on this special occasion. I was last here at the Convocation in 2003 and am very excited to be back. SMU has grown and matured, while still remaining very dynamic today.

***1. Asia's Growth: A Success Story Built on Trade and Open Markets***

It may not seem evident, but you are entering university at a very blessed time in Asia. After three and a half decades of industrialization, we are finally close to putting extreme poverty behind us. And, we are also on the cusp of a great new wave of growth and opportunity which will bring more prosperity to more people than ever before.

Allow me to explain.

Many of you might be too young to remember a time when most of the world's consumer products were not made right here in Asia. Our region's development

into a global manufacturing powerhouse really started when China opened up its economy in 1979, which facilitated the growth of supply chains, as more and more global companies outsourced their production to East Asia, Southeast Asia, and then South Asia.

Trade really bloomed during this time, first under GATT and then under the WTO and the principles of open markets and equal access. Increased trade gave the poorest members of society more chances to find jobs and tap into the global economy to improve their lives.

**All in all, trade has been good for Asia:** Incomes are rising, our measures of human development show improvement every year, and people are gaining access to a wide range of consumer comforts. And now, we see the emergence of an **Asian middle class**, which will expand from 500 million people in 2009, to 3.2 billion by 2030. The emerging markets grow their share of global household consumption every year, and are becoming a new long-term source of global demand.

These are some very powerful growth dynamics already. And they are bound to strengthen with the **Belt and Road Initiative**, announced by President Xi Jinping last year. As you might already know, the Belt and Road is basically a platform for **regional cooperation between 60 countries and 4.6 billion people in Asia, Europe and Africa**. These countries account for 37% of global GDP today.

**The Belt and Road aims to stimulate trade and investment**, and promote freer and more integrated trade and production networks that embrace individual countries' advantages.

**Infrastructure connectivity** is also priority, supported by the Asian Infrastructure Investment Bank (AIIB) with an initial capital base of US\$100 billion and the US\$40 billion Silk Road Fund.

These funds are sorely needed in a region where increased population growth and urbanization have created new infrastructure needs. The Asian Development Bank estimates that Asia needs \$770 billion in new infrastructure every year until 2020. The AIIB and the Silk Road fund will help kick start these flows.

## ***2. The Rise of Technology and Asia's Mobile Revolution***

The expansion of the middle class in Asia, and the prospect of increased trade and connectivity as a result of the Belt and Road Initiative, will all create many opportunities in the years ahead.

**But what makes the situation very dynamic and very interesting is that this will all be further shaped by the rapid advance of technology.** We are witnessing an **exponential increase in computing power**, which is driving technology into every aspect of our lives, work, industries, and societies.

Moore's law stated that computing power doubles every two years at the same cost. Although there is debate over whether Moore's law still applies today, there

is no doubt that we continue to see dramatic increases in computing power, accompanied by falling cost and shrinking physical size.

As a result, mobile usage in Asia is taking off.

**In 2015, Asia had 1.8 billion unique mobile subscriptions, within a total of 3.6 billion total connections. It will add another 1.7 billion connections by 2020.**

Well over half of these new devices will be smartphones. What this means in terms of people is that in just a few years, most Asians will be connected to the internet via their mobile phone – regardless of where they are, what language they speak, or whether they are rich or poor. They will be **communicating, learning, transacting, and engaging via mobile.**

From a social point of view, the mobile phone – and digital literacy—are today the critical tools granting access to modern society and economy, and are important for social inclusivity. Although mobile phones and internet access cannot redress poverty drivers such as poor roads and unclean water, they can make it easier to find or develop solutions through information, markets, and networks.

From a business perspective, the implications of technology's advance are very clear: **mobile leads the way, and has become the dominant motif of new business development.**

### ***3. Technology and Asia's Business Revolution***

Just as a potential social revolution is brewing as a result of the proliferation of mobiles among consumers and citizens, **a similar revolution is taking place on the factory floor, in trade, and across markets.** Singapore has already started to pilot autonomous vehicles, and in this vein, Asian manufacturers are benefitting from automation technologies, robotics, sensors, and 3D printing.

These are helping Asian manufacturers to improve quality, safety and speed in the production process. They are also the most visible elements of the **data revolution** which is underway – where increased computing power is making it possible, and profitable, to automate the connections between machines within a factory, between businesses within a supply chain, and between business networks in search of greater gains.

**Along the way, we have discovered not only greater efficiencies and visibility, but also that we have actually moved into the information economy.**

What does this mean? Until now, under the industrial economy, what mattered in business was how many capital assets you have, how many machines you own, or how many people you directly employ. Size signified a certain amount of leverage.

In the information economy, that has all changed. When the dominant mode of business organization is networks – and the dominant currency is information or data services – businesses must begin to operate very differently. Our mindsets must change to become more open. We must recognize that the best ideas and

great innovations will likely come not from looking within, but rather from an open, collaborative approach that works across networks and borders.

To me, having seen the industrial revolution unfold across Asia over the past three decades, I think **the advent of the information economy is both exciting and full of potential.** As markets expand through the Belt and Road and enter the information economy, and as citizens become more prosperous and connected than ever before, there will be massive opportunities to solve problems and create value. The prospects are very inspiring.

#### ***4. Three Suggestions for Navigating the Information Era***

I would now like to make three suggestions as to how you could prepare yourselves for the great opportunities that will come your way.

Firstly, **be global.** Our world is becoming more complex and more connected. To thrive in the 21<sup>st</sup> century, to adapt to it and ultimately make your mark, you need to have a broad global outlook that takes into account trends and developments throughout the world.

Secondly, **be open and curious about the unknown.** Much of what I talked about today with regard to the information economy is an early work in progress. Most of it has yet to be figured out. Innovations arise from curiosity and a will to decipher the unknown, or deliver what has never been delivered before. Thus I

am delighted at the new programs being put in place at SMU to foster innovation. You must take full advantage of these.

Thirdly, **carry a strong and reliable ethical compass that recognizes the importance of contribution and service to society.** I say this because you are members of an elite group and many opportunities of all kinds will inevitably come across your plate. The open economy and inclusive society will develop and be preserved ultimately on the basis of strong ethical foundations and behaviour. When you assume leadership positions, you become the guardian of these important values.

## ***5. Conclusion***

Ladies and Gentlemen, I was very proud to have been a trustee of SMU at its inception, and I am equally proud to be with you today.

SMU really embodies the key principles of openness, knowledge and innovation that I have mentioned. And as our economies continue their transition into the future, I trust it will continue to make its mark in the fullest way.

On this auspicious day, I congratulate you on your achievements so far and wish you well for the many great achievements that lie ahead.