

Alibaba: The House that Jack Ma Built



Jack Ma singing at Taobao's 10th year anniversary celebration. Photo credit: Alizila

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Jack Ma, a man from modest beginnings, in just a decade and a half, started out as an English teacher, founded Alibaba and built it into one of the world's largest companies, an e-commerce empire on which hundreds of millions of Chinese consumers depend. In 2014, Alibaba's \$25 billion IPO was the largest global IPO in history. A Rockefeller of his time, who is courted by CEOs and presidents around the world, Jack is an icon for China's booming private sector and the gatekeeper to hundreds of millions of middle-class consumers.

The author, Duncan Clark first met Jack in 1999 in the small apartment where Jack founded Alibaba. The author draws on his own experience as an early adviser to Alibaba and his two decades in China chronicling the Internet's impact on the country to create an authoritative, compelling narrative account of Alibaba's rise.

How did Jack overcome his humble origins and early failures to achieve massive success with Alibaba? How did he outsmart rival entrepreneurs from both China and Silicon Valley? As it forges ahead into finance and entertainment, are there limits to Alibaba's ambitions? How does the Chinese government view its rise? Will Alibaba expand farther overseas, including into the United States?

Clark tells Alibaba's tale in the context of China's momentous economic and social changes, illuminating an unlikely corporate titan as never before. "...Jack Ma is part Bill Gates, part Steve Jobs, part Larry Page, part Sergey Brin, and part Mark Zuckerberg, all rolled into one."—Sir Martin Sorrell, CEO of WPP. This also gives insight into Chinese culture which is very similar to India. In India too, Tata & Ambani stories are similar to Jack ma.

Jack Ma, the founder of the Alibaba group, was never a techie. Growing up in the Chinese province of Hangzhou, Ma used to cycle to the Shangri-La hotel as a teenager just to speak to foreigners and improve his English. Once he became fluent in the language, Ma got his first job as an English teacher at the Hangzhou Institute of Electronic Engineering at the age of 24. For an assignment, Ma travelled to Seattle, US, in 1995 and was introduced to the world of the Internet, where he famously typed in a search query for "beer". There were no entries for Chinese beer. Ma then searched for "China" and found no entries for the country either. "Why don't I make something about China?" he asked his friend Stuart Trusty, who worked in Seattle as a consultant. And that's how Chinapages.com was born in 1995.

The website did well, but the lack of a revenue model meant the company was short of cash and vulnerable to takeovers. In 1996, a state-owned enterprise, Zhejiang Telecom, took over the company. Ma lost control of his pioneering enterprise, and had to move back to Beijing to take up a job in the ministry of foreign trade and economic cooperation, where he built trade websites for the government. Buried under layers of bureaucracy was frustrating, and in 1999, Ma left the ministry to start his new Internet venture, Alibaba, to cater to small businesses, and go on to become one of the world's largest e-commerce companies.

Alibaba earns from advertising, and unlike e-commerce firms like Amazon, it works on a marketplace model where it doesn't invest in warehousing. In the days following its initial public offering in New York, its value soared to \$300 billion (around Rs.20 trillion now), making it the second most valuable Internet company in the world after Google. Today its valuations are lower, but it now calls itself "the world's largest retail economy", far surpassing Amazon, and overtaking even Walmart with a higher gross merchandise value.

In the most fascinating chapter of the book, we read about Alibaba's battle with eBay. Even as Alibaba launches a website—developed in complete secrecy and called Taobao.com, with the tag line "There is no treasure that cannot be hunted down, and there is no treasure that cannot be sold"—eBay goes on to make one tactical blunder after another.

As Clark quotes from anonymous tech entrepreneur at the end of his book, "Alibaba is more of a strategy than a story." In 2008, Taobao got another boost with the Great Recession. China's export business took a huge hit, forcing the country's economy to turn inwards. For a marketplace that enabled local businesses cater to their countrymen's consumer needs, the timing couldn't have been better.

Towards the end of the book, the book reflects on how Alibaba has become an ecosystem in itself catering to every market segment. Its a good read and inspires a whole lot of people who are often caught in self doubt to do away with self doubt and instead focus on goals and convert every opportunity into a Business.

“This book provides excellent insight into the world of Jack Ma, perhaps the most famous of the leaders of the new economy in China. Duncan Clark is a real China 'Old Hand,' unique in his knowledge of the Jack Ma generation. This book is definitely on the short list for those who wish to understand the Chinese economy today.”—Ken Wilcox, Chairman Emeritus, Silicon Valley Bank.

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