

international buyers, but it had the goal of connecting all importers and exporters around the world to each other. Despite skeptics and fierce competition, the global model where buyers used the site for free and sellers pay, proved very feasible: currently Alibaba's international marketplace has over 4.4 million registered users from over 200 countries and territories. In 1999 it operated offices in the U.S. and Hong Kong that are mostly for marketing in order to attract buyers to the site. More recently in 2008 Alibaba opened up offices in Taiwan and Switzerland. Working in these overseas offices, Alibaba's marketers visit trade shows in Taiwan, Europe, Hong Kong and the U.S. to promote Alibaba to potential buyers.

Unlike most other Internet companies, language was no barrier for Alibaba. Its membership base has always been communicating in English even before Alibaba arrived on the scene, so its non-English members were already used to communicating in a different language. Alibaba basically functions as a matchmaker and provides a cheap and efficient platform where sellers from all over the world – in practise mostly China – can find appropriate foreign buyers and visa versa.

B2C: Back 2 China

Soon after the English language operations were moved to the U.S. the dot-com crash kicked in and Alibaba nearly went bankrupt. The team in China saw that the choice of moving to the expensive U.S. really did not work as planned and a drastic turnaround was launched for the survival of the company. A new COO was hired, Savio Kwan, a former General Electric top executive, and subsequently the freshly hired and expensive engineering team was cut from 40 to 3 people in only one day. Almost all teams were cut back and the operating expenses were drastically lowered by moving the English website operations back to China. Porter: *"We quickly adopted a B2C strategy which meant back to China!"*

International at last

In 2003 as revenues and cash flow continued to rise, Alibaba started to slowly pick up its global strategy again. Operations in Hong Kong were intensified, feelers were put out in high potential markets, international partnerships were set up and at last, after several rough years Alibaba was able to live up to its pay off again.

Recently in an effort to increase operations in India, Alibaba started a multi-year strategic partnership with Infomedia India Limited, a leading media company particularly strong in offline Yellow Pages and physical media, in April 2008. The Indian market is the second fastest developing major economy in the world and the amount of small and medium-size enterprises is exploding so there is plenty of growth potential. David Wei, CEO of Alibaba, is optimistic about the future. His reaction on the partnership: *"India is a very important and strategic market for Alibaba.com and is a top priority for our global expansion plans."* In another comment on the deal, David points out that Alibaba can make good use of Infomedia's customer base that is mainly established through traditional offline networks rather than the through the Internet that has not yet caught on in India to the same extend as it has in China.

David says that the success of the partnership with Infomedia has prompted Alibaba to consider extending the new model to other countries with relatively low Internet penetration. Alibaba has received expressions of interest from companies similar to Infomedia in Vietnam, Indonesia and