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(Special Report)

MSC: A CHALLENGE FOR SMALL- AND MEDIUM-SIZE ENTERPRISES

By: NORAYANI ISMAIL and M. HAMZAH JAMALUDIN

KUALA LUMPUR: In the corner of a one-bedroom apartment is where 25-year-old Ahmad spends most of his time in front of his brand new multimedia computer. While others are busy catching up with the latest movies, Ahmad keeps on ploughing through his work, one hand on the mouse, the other, frantically pecking on the keyboard.

"Ahmad" may be just a fictional character, but out there in the corner of bedrooms and living rooms is where many "Ahmads" intend to make their first million ringgit.

The Multimedia Super Corridor Project -- the brainchild of Prime Minister Datuk Seri Dr Mahathir Mohamad -- is a testbed for multimedia products, solutions and applications and hold opportunities for the "Ahmads" -- entrepreneurs of small- and medium-size enterprises.

The MSC and its intelligent city, Cyberjaya, is planned to have a place for small- and medium-size multimedia companies to locate and conduct their research and development and be part of the MSC's R&D cluster.

But many local entrepreneurs feel threatened by the government's intention to open its doors to foreign companies and expertise, offering work permits and tax holidays, among others.

The MSC, due to the vigorous promotion by Dr Mahathir himself, has won the attention and participation of many leading-edge information technology (IT) companies such as Sun Microsystems and Nippon Telephone and Telegraph (NTT).

"I feel that the local industry which is now still in its teething period and will be severely disadvantaged if the MSC is open almost without any restriction to large foreign corporations," said Hock Toh, the Managing Director of a local post-production company in multimedia and broadcasting.

According to Interactive Multimedia Association (IMA) President Gerard K.M. Lim, there is still a sense of insecurity among some local small and medium enterprises, although many now understand more about the MSC concept.

"The MSC is marketed that way (attracting big companies) for one simple reason -- the country is more tilted towards foreign direct investment.

"We still need a lot of these large companies to work as web shapers, but it does not stop local companies to become web shapers," said Lim.

Web shapers, he said, have the ability to create jobs and other related business opportunities.

Permanent Secretary to the National IT Council Tengku Datuk Dr Azzman Shariffadeen said local entrepreneurs must understand the whole idea behind the MSC project.

"People forget that the whole idea of the MSC is to bring people together through interaction -- foreigners interacting with locals, the West interacting with the East -- and this is their meeting ground to create new multimedia products," Tengku Azzman, who is also Mimos Berhad president, said.

For example, in the Silicon Valley in the US, the small companies are threatening the huge ones, he said. "This proves that whether a company is big or small makes no difference in its success."

"Entrepreneurs can make it in the MSC, the incubator system in Cyberjaya for such people will help," he said.

The funding and marketing of products are also issues to be addressed for local entrepreneurs.

Lim said although Mesdaq (the Malaysian Exchange of Securities Dealing and Automated Quotation) has been established for companies to raise funds from a minimum capital of RM2 million, it would still be difficult, for example, for four aspiring buddies to start up a business.

"In high technology, to come up with a product you will need resources, human resources, equipment and marketing. You're talking about a huge operation and you're talking about cash. RM2 million is still a lot of money," he said.

Lim said that because of the lack of capital, many entrepreneurs have to struggle to pay salaries, stall their R&D efforts and go back to selling PCs to make money.

Although the government is expected to announce a new R&D fund of RM100 million for MSC companies at the end of the year, Lim suggested that the country must encourage the growth of a venture capital industry to support the growth of entrepreneurs.

"You can't expect the government to provide RM100 million this year and RM200 million next year. The government does not have an endless amount of money," he said.

Tengku Azzman, on the other hand, said that the entrepreneurs should believe in their creativity and that their product will have support from venture capital institutions.

With funding from venture capital companies, small enterprises can be listed on Mesdaq and gain the capital they need to venture into production of their ideas and market their products effectively, he said.

"Creativity does not come from boxes, it comes from people's minds. You don't need RM2 million to be creative, he said.

"You need a PC and an internet connection maybe and sit in the corner of your bedroom somewhere and develop an idea," he said.

"If your ideas are really creative, convincing and can be commercialised, I'm sure that private sector will be willing to fund your projects. "If you cannot find on your own, come and see me and I can introduced you to interested parties," he said.

It is almost sure that there will still be questions raised by entrepreneurs on their role in the MSC, which is understandable because the MSC is a new concept not only to Malaysia but the world.

According to Lim there will be many budding entrepreneurs or "Ahmads" giving their best shot to make it in the MSC and 80 percent of them would probably wither.

But from the 20 percent of the "Ahmads" who make it we will find our own "Bill Gates" and prove that the MSC is a worthwhile project.

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