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Technology of the future

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THE application of information technology (IT) in all critical areas in the country, as in the electronics industry, has helped the nation speed up its development process.

At the same time, the industry has become one of the major manufacturing activities, contributing about 25% to Malaysia's Gross Domestic Product (GDP). Use of IT in both the public and private sectors has been encouraged, resulting in per capita expenditure on IT becoming one of the highest among developing countries.

According to Prime Minister Datuk Seri Dr Mahathir Mohamad, Malaysians should move into an era of sophisticated IT as it will give them new parameters for economic advancement and social progress.

The scenario is quite encouraging, according to Dr Mohamed Arif Nun, MDC Chief Operating Officer. People are buying more and more personal computers (PCs) because of the falling prices.

'And universities like Universiti Pertanian Malaysia have already wired their campuses to the Internet while Telekom Malaysia Bhd and other telecommunications companies are going heavily into fibre optics,' he says.

'At the same time, the whole Multimedia Super Corridor (MSC) project reflects the desired intention to really use IT to maximise our productivity and to build up our IT industry,' he adds.

Alan Fung, Executive Director of the Association of Computer Industry Malaysia (Pikom) tells Investors Digest the industry is seeing increasing local content, with research and development and brands being created especially in the area of software.

There are, according to him, an estimated 800-1,000 very small computer companies and about 300-400 medium sized to large ones in the local IT industry.

In 1993, the industry's estimated revenue amounted to RM2,430 million, RM3,000 million in 1994, RM3,800 million in 1995 and RM4,940 million in 1996. Revenue is expected to reach RM5,980 million this year. These figures, however, do not include IT equipment and components manufactured in the country which are mainly for the export market.

As for Malaysian IT expenditure by industry sector in 1996, the banking and finance sector accounted for an estimated 26%, government - 11%, manufacturing - 13%, telecommunications - 7%, distribution - 8%, education and research - 3%, homes - 5%, oil and gas - 8% and others - 19%.

Pikom established in 1986 to represent the local industry has 200 members to date and views the personal computers and peripherals (especially the SOHO market), networking/communications, Internet, multimedia and client/server segments of the IT market as growth areas for 1997.

'However, among the challenges faced by the industry are a lack of strong local brand names, an import-oriented industry, lack of venture capital for local start-ups and laborious immigration procedures for foreign skilled staff,' Fung says.

'Other challenges are the need for coordinated development and promotion of Malaysian technologies and products especially software, acute shortage of skilled manpower, declining margins particularly in hardware and the rate of obsolescence of technologies,' he adds.

Despite these challenges, Fung says the future of the industry looks

very bright because of the government's recognition of IT as an important enabler towards achieving Vision 2020 and the relatively low level of penetration of PCs in homes and IT in offices.

Furthermore, ongoing or pending mega projects such as Kuala Lumpur City Centre (KLCC), the Putrajaya intelligent city, IT City and the Multimedia University within the MSC as well as the new Kuala Lumpur International Airport (KLIA) will drive further demand for IT.

The eight flagship applications initiated under the MSC project, according to him, is expected to increase the demand for IT.

And so will the large allocation of funds (RM2.6 billion) for the government computerisation programme under the 7th Malaysia Plan compared with RM1.4 billion spent under the Sixth Malaysia Plan.

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