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Moulding the MSC

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DESPITE THE economic problem that has battered several Asian economies, members of the International Advisory Panel (IAP) for the multimedia super corridor (MSC) who met in Cyberjaya recently gave a resounding vote of confidence for the colossal project.

It was almost a gathering of the industry bigwigs as 13 IAP members and 12 IAP representatives gave a unanimous thumbs-up for the project and the direction in which it is headed. As a show of support, several of the multinational corporations involved with the MSC also pledged to invest nearly US\$ 160 million over the next few years.

In a meeting that brought together industry leaders and the local government, ideas were exchanged while shortcomings and recommendations for a successful MSC were discussed. Chairman of Silicon Graphics World Trade Corporation, Bob Bishop, vouched for the MSC by asserting it could be the catalyst to pull Malaysia and possibly the region out of its economic problems.

Executive chairman of the Multimedia Development Corporation (MDC) Tan Sri Dr Othman Yeop Abdullah stated that a total of 180 companies have submitted their business plans to set up operations in the MSC. 'Over a period of five years, their investments would total RM4.3 billion,' he said, and that projected revenue for the companies will play to the tune of RM13 billion after the fifth year.

So far, 110 companies have been awarded MSC status and 78 are already in operation. Fifty of these companies are expected to be located in the MSC by year-end.

While IAP members were pleased with the MSC's progress and the government's commitment to making it a reality, members were concerned over a few issues. One worry, which Prime Minister Datuk Seri Dr Mahathir Mohamad touched on, was about restrictions on certain information that could hinder the MSC's growth. The prime minister gave the assurance that as far as the MSC is concerned, such restrictions would not apply. Intellectual capital was also of concern to the members. Demand for human resources skilled in information technology (IT) is currently high and will inevitably increase as the MSC takes shape. Is Malaysia capable of producing the intellectual capital it needs? Dr Mahathir reassured members that Malaysia would have some 7,000 graduates annually to meet the requirements of the MSC. Concurrently, the government is allowing foreign knowledge workers to enter the country without the usual requirements of visitors who come to work here.

The need to cultivate a culture ndustry la Silicon Valley would bolster entrepreneurship and help fuel the MSC. After all, many in Silicon Valley have tried and failed, tried and failed, and then succeeded. The need for a tolerance for failure is seen as paramount to developing entrepreneurs who are not afraid of trying, and in providing a strong sustainability of the MSC. Companies need to be assured that when they have tried and failed, they will not drop out and wither. Instead, they should be given the opportunity to try again.

In line with this, Taiwan's Acer Inc may launch a venture capital fund to aid companies operating in the MSC. Its chief executive officer, Stan Shih, also hopes that local conglomerates will contribute to the proposed fund in order to fuel entrepreneurs. Acer has three venture capital funds: a US\$ 95 million fund to finance its operations, a US\$ 40 million fund

committed to developments in Silicon Valley, and a US\$ 60 million outfit for the development of software and communications capabilities in Asia. As the MSC is content- and software-driven, as is the future of Asia's IT industry, Acer is set to target one-third of its profits and one-sixth of its revenues from the software industry by 2010.

Other companies that have pledged to increase investments in the country are Lucent Technologies, Siemens and Motorola. The United States-based Lucent will be investing US\$ 100 million in the MSC over the next three years while increasing its local workforce from 270 to 700 people.

Siemens, the German multinational, will invest US\$ 50 million in the MSC over the next 10 years while Motorola has pledged an initial investment of between US\$ 10 million and US\$ 15 million in the MSC.

It is not just blind faith in a conceptual idea anymore. As we move into the next millenium, the MSC is taking shape right before our very eyes. The endorsement given by the IAP members illustrates the concrete steps taken by everyone involved to make the MSC a success. After all, it is riding on Malaysia's name whether we fail or succeed, and what better way for posterity than to be able to make this a success.

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