

16/12/1998

New OTC market and venture fund to nurture small IT companies

MULTIMEDIA Development Corporation (MDC) is to set up by January 1999 a venture capital fund and an over-the-counter (OTC) market to nurture small IT companies up to the point where they can seek Multimedia Super Corridor (MSC) status.

The proposal has been approved by the MSC Implementation Council, which is chaired by Prime Minister Datuk Seri Dr Mahathir Mohamad. 'The scheme is aimed at propelling small and medium-scale enterprises towards entry into the MSC,' said MDC's executive chairman Tan Sri Othman Yeop Abdullah.

Based on a Swedish model, the proposed venture capital fund seeks to address difficulties faced by small IT companies in raising funds. It will be backed by Bank Negara, which will provide the seed capital, and there will also be some contribution from local and foreign financial institutions.

Othman said besides the fund, an OTC market - to be known as the "I-market", the "I" standing for innovation - will be set up as an exit point for the venture capital companies to recoup their investments by way of sale of equity.

Participating IT companies will be advised by an "I-Manager", who will help nurture the company in terms of the technology it is developing, besides project and financial management. The I-Manager will assess the company to see whether it offers a worthwhile investment. If it does, the company will be groomed for a listing on the I-Market and eventually will end-up on the yet-to-be-launched Mesdaq exchange.

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