

27 OCT 1998

PIKOM-INDUSTRY

PIKOM REVISES TURNOVER GROWTH RATE FOR COMPUTER INDUSTRY TO 3.5 PCT

KUALA LUMPUR, Oct 27 (Bernama) -- The local computer industry is poised to turn around from an expected contraction in turnover growth of 10 to 11 percent this year to a positive growth of around 3.0 to 5.0 percent next year, mainly boosted by incentives given in the 1999 Budget, says Association of the Computer Industry Malaysia (PIKOM).

Its chairman Shaifubahrim Saleh said the association had revised upward the turnover growth projection for next year from the initial one percent to three to five percent after taking into consideration the budget.

The industry's turnover for 1997 was roughly at RM4.8 billion ringgit, he said at a media briefing on Pikom CEO2CEO talk on Y2K here today.

The 1999 Budget presented last Friday by Prime Minister and First Finance Minister Datuk Seri Dr Mahathir Mohamad announced some RM210 million allocation for the nation's Information Technology (IT) development.

Of the total amount, RM110 million will go to the development of flagship applications under the public sector, namely telemedicine, electronic government, smart schools and multipurpose cards, under the Multimedia Super Corridor (MSC)'s pilot project.

The remaining RM100 million would be used to address the Y2K problem.

The Y2K or Millennium Bug problem refers to the inability of some microchips to recognise dates beyond 1999 in their time-sensitive functions, possibly resulting in computer system errors or shutdowns.

On the allocation for Y2K, Shaifubahrim said, "I think the budget is not enough but it is a good direction, meaning to say, apart from the RM30 million given earlier, the government allocated another RM100 million, it is pretty good, but I think it is not enough, still."

He hoped the government would keep an "open mind and allocate more if it is needed because if the government's departments, which are crucial ones, have gone through the impact analysis, then they will be able to make better position of how much more they will need," he added.

He said Pikom estimated that the Y2K spending would peak next year and the amount to be at least RM1 billion, adding that the country's budget for information technology (IT) next year, although it indicated a more prudent spending overall, had however provide opportunities for the opening of more business activities to the industry.

"With all major national IT projects start-up, more Y2K projects are being carried out and there would be more local IT companies to export their products due to double-taxation benefits contained in the Budget, the (IT) industry's turnover is set to grow," he added.

On the CEO2CEO talk to be held at Saujana Golf & Country Club in Subang on Nov 13, Shaifubahrim announced that will be led by multi-national manufacturing conglomerate - Unilever (Malaysia) Holdings Sdn Bhd.

He said Unilever's chairman and managing director Chim Howe Lai would share his experience with invited chief executive officers (CEOs) from local corporations the process of ensuring that his company is fully Y2K-ready.

CEO's from the financial sectors, utilities as well as the retail sector have been invited in the talk to give a better overview, among others, of how the Y2K problem can affect the various inter-linked businesses, he said.

"For instance our supply chain must also be Y2K-ready or it may lead to some serious hitches in operations," Shaifubahrim said.

Chim who was also present at the briefing, pointed out that the company took action to resolve the problem in the fourth quarter of 1996 and so far it had spent RM6 million for its Y2K programme.

He said it was a costly affair but what was perhaps significant was that the company need not hire outside consultants and specialists to assist the company to resolve the problem. -- BERNAMA

RIZ FR