

30/03/1998

RM25m R and D Boston Tech push (HL)

Jennifer Jacobs

US telecommunications software developer Boston Technology is pumping an initial investment of RM25 million into its research and development (R and D) centre in Malaysia, its first outside the US.

The company is also applying for MSC status and if successful will establish another R and D facility in Cyberjaya.

Its Asia Pacific research and development assistant vice president, Mr Mike Runge, told Business Times in an interview in Petaling Jaya recently that the decision to set up the centre in Malaysia in the middle of last year came after scouring the region for suitable locations.

He added that Malaysia was picked well before the economic crisis. "Malaysia was already the appropriate choice. All other locations fell short of our requirements."

Boston Technology is a 12-year old public listed US company which raked in a US\$300 million revenue last year. It develops software for voice and fax messaging services.

Its primary customers are telecommunications operators, which in the Asia Pacific include Telekom Malaysia, TMTouch, Telstra, NTT and Hansol.

Runge said almost every major telecommunications provider in the world gets its voice mail software from a third party and although users have come to take a facility like voice mail for granted, there is a considerable amount of software that needs to be designed to meet specific customer needs.

Asia Pacific has become a key market for the company, second only to the US and growing rapidly. Its other major markets are Central and South America.

As soon as Boston Technology decided that Asia Pacific was sufficiently important to require a research and development centre, the company combed the region for a suitable location, looking at Beijing, Hong Kong, Tokyo and Singapore.

Runge said the company decided on Malaysia because of its strategic location, smack in the centre of the region, and the availability of well-qualified engineers.

"The really pleasant surprise is that the managers and engineers who have been recruited here are technically at least on par with the personnel we're used to recruiting at home in Boston.

"We have no need, at this moment, to search outside Malaysia for IT-qualified people for our Malaysian R and D centre," he said.

By the end of next year, Runge said he hopes to have "grown" the current centre, located in Petaling Jaya, to 80 engineers and managers. So far the company has hired some 40 engineers and managers.

It is also in the process of setting up a second R and D centre, also in Petaling Jaya, which will employ an additional 80 managers and engineers.

He said the economic crisis, which was unforeseen, and the resulting advantage the US dollar has over the ringgit will not translate into reduced investments by the company in Malaysia.

This is because it intends to use the additional spending power to hire more engineers and bring forward the company's projects.

"The original business plan can now be implemented in an even more aggressive manner. It was a sound business plan nine months ago and it makes even more sense now," Runge said.

Boston Technology is one of 180 companies applying for MSC status. To

date, 110 have been granted the status and 84 have started operations at the 50km by 15km zone earmarked as the testbed for IT and multimedia applications.

Among the 110 MSC-status companies, 15 are American IT firms: Sun Microsystems, Oracle MSC, PDS International Sdn Bhd (Malaysia/USA), PROLIN Asia/Pacific (MSC) Sdn Bhd, Intel Malaysia Design Centre MSC Sdn Bhd, Highest Summit Technologies Sdn Bhd (Malaysia/USA), Motorola Multimedia Sdn Bhd, Greene Engineers, ICG Systems Sdn Bhd, Optimum Consulting Asia Sdn Bhd, Worldstock.com Sdn Bhd (Malaysia/USA), Lotus Development (Services) (M) Sdn Bhd, ATI Technologies (M) Sdn Bhd, Lucent Technologies and WorldCare Health (M) Sdn Bhd (Malaysia/USA).

During his latest MSC road tour in Hanover, Germany, earlier this month Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government estimates that MSC companies stand to post RM5 billion in profits within five years of start-up on the back of an expected RM4 billion in investment.

Malaysia is nurturing IT as its next locomotive of economic growth and has plans to invest RM25 billion in the next five years to make available the necessary infrastructure and environment to develop the sector.