

25/01/1998

Time for the resilient to spearhead MSC

Francis C. Nantha

SINCE the year began, both good news and bad have hit the headlines in relation to events closely linked to the Multimedia Super Corridor project.

The best news is that the development of Cyberjaya is ahead of schedule by almost a year, as announced by a clearly-related Prime Minister Datuk Seri Dr Mahathir Mohamad on Monday.

Also, Multimedia Development Corporation Sdn Bhd estimates that about 50 MSC-status companies would have moved into Cyberjaya by the end of this year.

The MDC estimates that the MSC companies will make investments totalling RM1.9 billion to get their MSC operations started.

They are also expected to make further investments in the subsequent years that in the fifth year of operations, the accumulated figure would reach the RM2.8 billion mark, said MDC's executive chairman Tan Sri Dr Othman Yeop Abdullah.

Of the 103 companies given MSC status from the 176 applications received, 78 companies have already begun operations in various parts of the country.

With the status, these companies are entitled to the MSC incentives such as tax exemptions as spelt out in the 10-point MSC Bill of Guarantees.

Of the 103 companies which have received the MSC status, 37 are local companies; 28 are joint ventures between local and international companies; nine are from the United States, one from Canada; 12 are European; five are from Japan and 11 companies are from other parts of the world.

And among the MSC companies now operating, two were singled out for special mention by Dr Mahathir for having performed beyond their projections.

One of the companies, Datek Sdn Bhd, was featured in the column two weeks ago. The firm specialises in providing enterprise solutions using Java technology developed by another MSC company Sun Microsystems Inc.

The other is Infor Tech Sdn Bhd, which helps convert software solutions into the Japanese language. The company will be profiled in this column next week.

Othman also said: "Returns on investments for companies operating in the MSC are targeted to reach a 3:1 ratio. This means that for every RM1 million invested, they expect to get back an average of RM3 million."

Adding to this is the welcome news that the International Advisory Panel members will be coming here next month to see first-hand developments in the MSC project to take back to their home countries.

Othman admitted that not all the top guns of the 41 companies on the IAP are attending due to prior schedules that have been drawn up almost a year ahead, but said the commitment remains as high-ranking representatives will be present here.

And while Microsoft Corporation's Bill Gates will not attend the February meeting, he will make a trip here in March, said Dr Mahathir, who emphatically declared that priority given to the MSC project meant that it will be unaffected by the on-going economic situation.

Dr Mahathir, during his Press conference, had been asked about the impact of the currency depreciation that had seen a number of major infrastructural projects being deferred.

Also, a number of computer firms - which constituted some of the biggest suppliers of equipment to the MSC project - had announced bad news over the past few weeks.

For one, Seagate Technology Inc announced retrenchment of about 10,000 staff worldwide - which sent shudders down the computer industry everywhere. Seagate makes disk-drives that are used in all computers and the lay-offs means PC sales were down very badly.

But, this news had a silver lining in that Seagate has clarified that the layoffs affect mainly administrative staff - at least for Malaysia, with about 750 individuals given the option of voluntary retrenchment.

Staff at other computer companies had it worse, with news that PC-clone maker KT Technology (M) Sdn Bhd ceasing operations in Malaysia and Singapore. AST Research Inc also closed down its offices in both countries.

Then, there is news of three firms seeking to tap into the MSC project announcing bad news.

STI Technologies Sdn Bhd, which was among the first few companies featured in this column in 1996, has closed down with plans for the production of a new projector gone on the wayside for now. Then, Kumpulan Netband (MSC) Sdn Bhd closed two offices and laid off almost half its staff.

Also, Collaborative Technology Sdn Bhd saw the exit of its joint-venture equity shareholder FACBNet Sdn Bhd (which had been previously featured in this column) and is now a wholly-owned subsidiary of Fujitsu Systems Business (Malaysia) Bhd.

While the industry is abound with rumours that a number of other computer companies are either laying off staff or closing down, a local subsidiary of a UK systems integrator company is upbeat.

Lanbase Group (Asia) Sdn Bhd managing director Tickkee Young said: "Now is perhaps the best time to consolidate business opportunities for future strong growth."

He said Lanbase PLC started operations in UK in 1990 and was immediately swamped in an economic depression in 1991. Yet, the company has managed to withstand the slump and come out stronger.

"In hard times, companies are always looking for ways to improve efficiencies and cut costs. Computerising their operations is one clear way of doing that and we see similar opportunities in Malaysia and the Southeast Asian region now.

"For, in helping your clients to manage their resources better, they will become faithful clients that will help your business grow when the good times return."

The writer can be contacted at [nstbiz@bb.nstp.com.my](mailto:nstbiz@bb.nstp.com.my)

(END)