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Be knowledgeable, Dr M urges venture capitalists

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THE success of venture capital in spurring commercialisation of new ideas and cutting-edge technology starts with prudent evaluation of the projects which are seeking funds, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

For this reason, it is not enough for venture capitalists to be prepared to take risks. They must also be knowledgeable to allow them to back the right projects, he said.

"These are people who seek high returns and are willing to take the risks... they are prepared to put money into ideas or projects considered too innovative for others.

"Venture capital is a substitute for loans from banks which require collateral, which people with innovative ideas do not possess," he said at the launching of a RM120 million MSC (Multimedia Super Corridor) venture capital fund (MV1) in Cyberjaya yesterday.

"In information technology (IT), for example, there are so many things that you can do which are unthinkable (before)..." Dr Mahathir said. This means that the backers must know enough to identify projects which offer good potential, said the Prime Minister, who also witnessed the signing of two MV1 agreements.

On this score, Dr Mahathir said he is confident Khazanah and MDC have the needed expertise to evaluate ideas and prospective IT-related projects submitted to them.

MSC Venture Corp Sdn Bhd (MSCVC) - a wholly-owned subsidiary of Multimedia Development Corp (MDC) - and Khazanah Nasional formalised a pact for the subscription of shares to the fund, while MSC Venture One Sdn Bhd and MSCVC signed an agreement for its management.

Dr Mahathir said he does not see any problem increasing the size of MV1 if needed. "This is an investment. If it shows good returns as in the US, and if there is demand, why not?"

Turning to the Third MSC International Advisory Panel (IAP) meeting scheduled to start on July 8, he said 25 key IT industry players have confirmed their attendance, adding that "... 12 are chief executive officers (CEOs) and 13 are senior officials representing their CEOs." "We want to hear them out...what they think we should be doing," he added.

Those who are expected to attend the meeting include Dr Stan Shih, chairman and CEO of Acer; Sir Peter Bonfield, chief executive of British Telecom; Mr Lewis Platt, chairman of Hewlett-Packard; Mr Bon-Moo Koo, chairman of LG Electronics; and Mr Ben Verwaayen, CEO of Lucent Technologies.

The panel members will be updated on MSC developments, for example, the Multimedia University which is up and running, and the smart school projects.

It is also an opportunity for local multimedia and IT companies to establish contacts with international players, he said.

These Malaysian companies are doing well with some already exporting their products worldwide, and one has been listed on the National Association of Securities Dealers and Automated Quotation or Nasdaq in the US, Dr Mahathir said.

On the overall development of the MSC, Dr Mahathir said the Government has targeted for 50 world-class companies by the year 2003, and there are

already 32 to date.

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