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`Beware the dotcom trouble'

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LOCAL investors planning to invest in dotcom companies must be aware of the risks and not let themselves be taken by the current euphoria on technology stocks.

Energy, Communications and Multimedia Minister Datuk Leo Moggie said investors must look at both the infrastructure and bottom line of these dotcom companies rather than simply embarking on a buying spree.

They must realise they were investing in the potential of listed companies intending to venture into internet-related businesses and not on businesses already established, he said.

"The potential of these companies may never materialise and investors might find themselves facing huge losses in the long run," he said after launching the Information Technology Innovation Day 2000 at the campus of the Multimedia University in Cyberjaya today.

Dotcom companies are a current trend worldwide, especially in the United States.

Moggie said as dotcom companies could do business without any asset, they could possibly be valueless if the stock market crashed.

Last week Prime Minister Datuk Seri Dr Mahathir Mohamad cautioned the public against Internet-related firms, which he described as "bubble dotcom companies", without industries to back them.

"Be cautious, be very careful, don't just jump blindly ... we fear that later the small-timers also venture in ... we get burnt, that's why we're reminding the public," Moggie said.

The minister said the public reminder was necessary because of the great risk of investing in dotcom companies since such business was difficult to regulate.

Moggie advised investors to first gather sufficient information about the listed firms and their intended internet-related ventures before making a decision to invest.

"Investors should also seek advice from their advisers and brokers," he said.

Moggie also said MMU should consider introducing a new curriculum to equip students with knowledge on managing business.

He said upon graduating, many students had good ideas on starting their own businesses but lacked proper managing skills.

"MMU should look into the possibility of introducing an extra curriculum stressing on proper business operations and marketing which would help students better understand the business world when setting up businesses."

MMU president Prof Dr Ghauth Jasmon said they had received three proposals from their students to set up their own dotcom companies.

After thorough vetting, MMU had decided that one proposal was viable and would provide the students the necessary support to start the company, he said.

The proposal relates to registering all new and used car dealers in the country to make it easier for consumers to pick their choice.

"We consider the initiative of our students as very encouraging and will provide them all the necessary support while closely monitoring their progress," he said.

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