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Silicon Valley venture (HL)

Ahmad A. Talib; Mustapha Kamil in Chicago

A US\$150 million (RM570 million) Malaysia-led venture capital company will be formed by Muslim investors in the US, Saudi Arabia and Bahrain to invest in the information technology sector in the Silicon Valley.

Prime Minister Datuk Seri Dr Mahathir Mohamad told a news conference at the end of his working visit here on Sunday that the decision came following a positive outlook from his discussions with the entrepreneurs.

Anticipated to be operational by next year, the company will identify and fund potential IT start-ups, especially by Muslim technopreneurs in the Silicon Valley. It will be incorporated as American Pacific Venture Capital Inc (AMPVC).

Malaysia will funnel some 33 per cent of the company's equity through the Malaysian Technology Development Corporation (MTDC).

Investments from the other partners based in the US, some of whom have investments in Nasdaq companies, will amount to about US\$20 million while the two Gulf countries are expected to pump in between US\$80 million and US\$100 million.

MTDC chairman Tan Sri Omar Abdul Rahman signed a memorandum of understanding with Akram Chowdry, head of the group of Islamic investors in the Silicon Valley, at the Four Seasons hotel here on Sunday. Representatives of the Al Barakh group from Saudi Arabia and an investment group from Bahrain were also present.

Briefing reporters later, Omar said Malaysia expects more than capital gains from the venture capital. "We want to bring back to Malaysia the technologies owned by these start-up companies to complement our own IT or multimedia development. From there, we hope to be able to transfer these technologies to other Islamic countries."

The Muslim businessmen who met Dr Mahathir on Sunday morning were very keen to help Malaysia take full advantage of its push into IT, especially with the inception of the Multimedia Super Corridor in Malaysia.

Their idea involved getting the companies in which AMPVC would invest in to conduct research and development activities in the Silicon Valley while the manufacturing activities would take place in the MSC.

The venture capital company was expected to invest US\$3 million in each company it chose to support. Malaysians will sit on the board of the company and in their management teams.

For the MTDC, the venture is a progress from its earlier foray into the Silicon Valley. To date, the corporation has funded five companies to the value of US\$10 million there.

Not all are doing well but one of the companies is expected to go for listing on the Nasdaq by early next year.

Meanwhile, at the Prime Minister's press conference, Dr Mahathir also said by locating the venture capital company in the Silicon Valley, it would be easier for it to identify potentially viable investments.

He also said Malaysia was considering proposals from Cisco, Sun Microsystems, and Oracle to set up a network of specialised training centres in multimedia.

The Prime Minister had had a full itinerary throughout his three-day stay in Chicago. He described the business meetings as very positive, including the first one he had with the Asean-US Business Council on Friday.

American businessmen at the meeting said they would help spread the good

word on Malaysia's investment climate besides its political and economic stability to help promote investments and tourism.

On usage of the Internet in Malaysia, Dr Mahathir said while the Government had no plans to control the medium, he was sad that there were Malaysians who used it in a negative manner.

"In Malaysia, the Internet has for example been used as a modern medium for poison-pen letters," he lamented, adding that it seemed a considerable segment of Malaysian society had the knack of using what could be good for negative purposes.

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