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Venture to help Islamic multimedia start-ups

Ahirudin Attan in Chicago

CHICAGO, Mon: Malaysia has teamed up with a group of California-based Muslim investors to start probably the first Islamic venture capital company in the Silicon Valley.

When two investment groups from Saudi Arabia and Bahrain joined in as partners in the proposed American Pacific Venture Capital Inc (AMPVC) sometime later this year, the venture capital company would have some US\$150 million (US\$1 = RM3.80) in funds that could finance about 50 Islamic multimedia start-ups.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who met with the potential Muslim investors during his four-day visit here, said the venture capital company is expected to be operational by next year.

The AMPVC will identify and finance potential start-up companies, especially those initiated by Muslim technopreneurs and professionals, in the home of most of today's leading multimedia and technology corporations.

Dr Mahathir said the Government agreed to the setting up of the venture capital company for its potential role in helping with the development of Malaysia's own IT and multimedia industries.

"It is easier to identify companies through a company located in the Silicon Valley itself," he told Malaysian journalists here late Monday.

Through the Malaysian Technology Development Corp (MTDC), Malaysia will take up about one-third of the proposed AMPVC.

The group of American Muslim investors "who know the business, who are in the business and who have listed companies on the Nasdaq" will cough up some US\$20 million for the company.

The investment groups from 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 the memorandum of understanding on the setting up of the venture capital company with Mr Akram Chowdry, the leader of the group of Islamic investors in the Silicon Valley, at the Four Seasons hotel here today.

Representatives of the Al Barakh group from Saudi Arabia and an investment group from Bahrain were present.

Omar said Malaysia's expectations of the AMPVC go beyond capital gains. "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."

"There is a lot of potential for the new company. The Multimedia Super Corridor is quite known to these investors and is one of the factors that influenced them to form the venture capital fund with Malaysia," said MTDC group chief executive officer Datuk Annuar Md Nor.

There are some 200,000 Muslim scientists working for hi-tech companies in the Silicon Valley, he added.

The idea of setting up AMPVC is also to encourage start-up companies to conduct research and development activities in the Silicon Valley and bring the manufacturing activities to the MSC.

The venture capital company expects to invest US\$3 million in each company it identifies. Malaysians will sit on the board of the company and in the management team running the daily operations.

For the MTDC, the AMPVC is a progression from its earlier venture into

the Silicon Valley. To date, the corporation has funded five companies to the value of US\$10 million in the Silicon Valley.

Omar said not all are doing well but one of these companies is expected to go for its IPO on Nasdaq by early next year.

"We have some experience in investing in the Silicon Valley but this time we will have a venture capital company located in the Silicon Valley itself. This will allow us to be involved more directly and more aggressively," he added.

The group of individuals involved in the venture capital are "professionals" who have been involved intimately with setting up start-ups or helping their establishment, running them and listing them on the exchange.

At the press conference earlier, Dr Mahathir also said Malaysia will be considering proposals from Cisco, Sun Microsystem, and Oracle to set up a network of specialised training centres in multimedia.

This is in addition to the possibility of a cooperation between the Motorola University in the US and the Multimedia Universiti in Cyberjaya. Dr Mahathir visited the Motorola plan in Schaumburg yesterday.

Earlier yesterday, Dr Mahathir was in Rosemont to meet and lunch with some 300 students in the state of Illinois. Among other things, he told the students to equip themselves with the skills to face the challenges of technology and the multimedia.

In the evening, before leaving for New York to attend a meeting with leaders from the Group of 77, the Prime Minister joined some 200 people for a Merdeka do organised by the Malaysian Club of Chicago. In between, he held meetings with American businessmen as well as various groups of Muslim investors and leaders based in the US.

During this time every year, Chicago would play host to Islamic business and religious organisations from throughout North America for various conferences and annual meetings. This year some 35,000 Muslims converged on this city.

At a dialogue with members of the Malaysian Club of Chicago, Dr Mahathir said Malaysia would only lift the ban on trading of the ringgit if the International Monetary Fund stops currency trading altogether, Bernama reports.

"And why should we lift the ban on the trading of the ringgit? We will lift the ban when they stop people from trading the currency," he said.

The Prime Minister said he did not see any reason for trading in currency which is not a commodity and has no value whatsoever unless when the Government or the people recognised it.

"It is not like coffee, tea, sugar, rubber or tin. These are commodities ... these are real things. This (currency) is only a piece of paper," Dr Mahathir said.

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