

Players express confidence in MSC

Bt 30 MAR 2001

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INDUSTRY players remain convinced about the Multimedia Super Corridor's (MSC) potential, although some problems will need to be resolved expeditiously.

An official of a US technology multinational said Malaysia must soldier on as the long-term gains far outweigh the short-term drawbacks.

"The MSC is so much inter-linked with the k-economy, and that alone is reason for Malaysia to push ahead. Like all big opportunities, there is a business risk involved," he said.

Prime Minister Datuk Seri

Dr Mahathir Mohamad said yesterday that "as far as interest in the MSC is concerned, and the investments or commitment to invest, we are way ahead of our programme".

"But at the moment, I would admit it (MSC) has not contributed (to the economy) as much as we had expected," he said.

Speaking at a news conference after opening the MSC-Lucent Bell Labs Technology Forum in Kuala Lumpur, the Prime Minister added that while there are some structural weaknesses,

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no one can deny that the project is raising Malaysia's competitive edge by driving the transition of the traditional industrial society to one that is based on knowledge.

"We really like the concept, and believe that if the Government remains committed despite the challenges, the MSC will soon come to fruition," the US company's official said.

The 750 sq km MSC was launched in 1996 to spearhead the development of a k-economy. It stretches from the Petronas Twin Towers in Kuala Lumpur to the Kuala Lumpur International Airport in Sepang, Selangor.

A news report had claimed that the MSC has not attracted much interest from global technology companies and that it is not contributing to the economy.

It quoted a study by international consultants McKinsey & Co which said MSC is hobbled by too much red tape and suggested that much more needed to be done to attract technical and venture-capital expertise.

Multimedia Development Corp (MDC), which oversees the MSC project, had engaged McKinsey in 1998 to prepare a progress report.

MDC executive chairman Tan Sri Dr Othman Yeop Abdullah, who was also at the forum, said the agency will take steps to improve the procedures and incentives based on the recommendations of the Implementation Council Meeting report.

The MSC is also expected to set up a one-stop agency to approve special incentives. This is aimed at cutting short the processing time, and thereby prevent companies from losing interest and decide to move elsewhere.

There are already 471 MSC-status companies, 420 of which are in operation.

Othman said the RM95 million investment by

MSC-status companies so far is miniscule compared to the activities being carried out.

Of the companies, 52 have made direct investments in research and development. They include NTT, Lucent, CSA, Articulate Online, Motorola and British Telecoms.

Dr Mahathir, when asked about the US economic slowdown's effects on MSC, said: "We haven't felt it so far, but I suppose it might have some impact. It is beyond me to predict".

On the collaboration between universities and corporations, he said it is very active with many companies participating in research and development (R and D) projects undertaken by universities. They have also financed chairs at various institutions.

The Multimedia University, for example, has benefited from Lucent Bell Labs' Visiting Professorship Programme, and research activities have produced seven patent applications, he said.

Various MSC-status companies, when contacted by Business Times, said one of the main issues is infrastructure. They said network service must be guaranteed as most of the companies that provide on-line services from Malaysia have to enter into service level agreements (SLA) with their global customers.

An SLA is a contract between a network service provider and a customer that specifies, usually in measurable terms, what services will be furnished.

"We are not the Internet Service Provider (ISP), yet we have to give guarantees on the on-line services without being backed up by local ISP providers," a chief executive officer of an MSC-status company said.

In neighbouring Singapore, for example, ISPs provide their customers with SLAs as Internet companies' themselves face growing demand from their own clients to enter into SLAs so that services

can be measured and justified, he said.

"The capacity of the infrastructure is very important. It boils down to stability, a shortcoming which has been severely exposed by Singapore One (IT initiative)," he added.

Another area which the MSC companies hope to see an improvement is the development of a suitable environment to test technology. They said the physical boundaries of the MSC are not appropriate.

"Once a technology is developed, we have to test it, and until Malaysian telcos and ISPs mirror their foreign counterparts and guarantee optimal network performance, it would not be wise to test the product here," an official of another MSC-status company said.

Right now, many of these companies have opted to test their new "applications" in Singapore.

As for asking all MSC-status companies relocate to Cyberjaya to access the best possible physical and information infrastructure, "the problem is while products and services that come out of these facilities may be of optimal level, we do not have guaranteed network performance in the other parts of the country".

The IT infrastructure of the whole nation will have to be improved, not just within the physical boundaries of the MSC, he said.

Some MSC-status companies also requested that the MDC step up marketing activities for MSC-status companies, especially abroad.

"Most of the companies do not yet have a market for their products locally, and they also don't have the standing to develop applications solely for overseas markets."

There is also the big question of funding, with venture capitalists still not very forthcoming in their support for the companies, a representative of another company said.