

MSC still a draw despite weaknesses

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Contribution to economy not up to expectation but it's ahead of schedule, says study

By Mary Anne Tan
sunbiz@thesundaily.com

KUALA LUMPUR: The Multimedia Super Corridor's contribution to the economy is not up to expectation but it is still attractive enough to draw foreign interest and is ahead of schedule, according to Prime Minister Datuk Seri Dr Mahathir Mohamad.

He was responding to a *Wall Street Journal* article which cited a confidential report saying that the MSC had not attracted substantial interest from global technology companies nor has it had significant impact on the country's economy.

The report, commissioned by the Multimedia Development Corporation (MDC) at a cost of RM1.5 million, was conducted by McKinsey & Co early last month and highlighted several existing "key gaps" as problem areas affecting the growth and development of the MSC.

On whether the MSC had felt the effects of the US slowdown, Mahathir said Malaysia has not felt the impact so far but he believed it might.

Earlier, speaking at the MSC Lucent Bell Labs Technology forum here yesterday, he said the MSC initiative has provided many of the enablers for K-economy to flourish, such as a ready pool of knowledge workers from the MSC-located universities, world class telecommunications facilities, venture funding, incubator centre network for entrepreneur growth and the nurturing of the ICT (Information, Communication and Technology) small and medium-sized enterprises.

"The MSC will lead the way for Malaysia into the Information Age and K-economy. It will help

Malaysia to develop into a K-society in line with Vision 2020 and towards this goal, we Malaysians must strive forward," he said.

Mahathir said local scientists and corporate executives should network-with scientists and technologists from Lucent Bell Labs on a broad range of technologies, with particular emphasis on the telecommunications and computing sectors.

"Malaysia will rain significantly as one of the spin-offs expected is the sparking and collaboration of R&D activities in the computing and telecommunications field among our local universities and business organisations with centres of excellence around the globe."

He said the forum was first mooted during Lucent Technologies Inc vice-chairman Ben Verwaayen's visit to Malaysia in March last year.

He hoped the forum will serve as a platform for smart partnerships

among industry-driven R&D centres and as a guide to assist Malaysian companies and universities to define strategic issues, directions and focus on R&D.

"Innovation, R&D and the role of knowledge workers are becoming key elements in the new economic model as we move from commodity-based trading to electronic trading. We must continue to focus our efforts in encouraging entrepreneur skills with venture fund support and ensure our graduates are equipped with the skills and knowledge that is in line with the changes in the market and the way we do business," he said.

MDC executive chairman Tan Sri Othman Yeop Abdullah who was also present at the forum, said the MSC has attracted 40 world-class companies and there are so far 471 MSC-status companies.

However, only 420 of these MSC-status companies are currently

operating while the rest are expected to follow suit.

The McKinsey & Co report also made several recommendations - to reduce bureaucracy, bring in more technical and venture capital expertise, directly award high-value contracts to high priority global technology companies and build a stronger talent pool, by attracting top-notch foreign universities.

"What the report recommended was that we must have more customised incentives instead of generic incentives," Othman said.

"We need to have more specific incentives and we must mandate a one-stop agency to make quick approvals because companies can't be made to wait too long, or they will be badly affected.

"The MDC made a presentation during the Implementation Council Meeting (ICM) last Friday where we resolved that we will examine the recommendations made in the study and come up with the necessary action.

"If we feel it is feasible for us to follow through on some of those recommendations we will do so."

Earlier in his speech, Othman said the RM95 million investment by MSC-status companies to date was small when compared to the amount of activities generated by such companies. He said that of the companies, 52 had invested in research and development activities directly in the MSC.

These companies include such well-known names as NTT, Lucent, CSA, Articulate Online, Motorola and British Telecoms.

Othman also said the Multimedia University had collaborated with Lucent Bell Labs in various R&D projects and they had jointly created seven patents and two major areas telecommunications and wireless.