

05/10/2001

`Use wireless broadband technology'

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THE Government wants greater use of wireless broadband technology although it means that telecommunication companies would have to incur losses on their investment in landlines.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia could no longer be held back by outdated infrastructure.

He said telcos were not keen to move into wireless technology because they had invested heavily in landlines, but the Government might now have to allow them to lose money on the investment.

"We have been trying to protect their investment all this while, but the world is moving too fast. If we are held back by outdated infrastructure, we cannot progress," he said after opening the CEO Summit 2001 in Kuala Lumpur yesterday. It was organised by the International Trade and Industry Ministry and MyBiz International Ltd.

Dr Mahathir, who is also Finance Minister, said much of today's technology was wireless and if Malaysia kept to landlines, its capacity would be restricted.

Landlines, he said, were also expensive as they required laying cables below ground, while wireless technology only required antennas.

He said wireless technology would also reduce costs although the companies still needed to sort out issues relating to the "last mile".

The "last mile" refers to the final connectivity leg between the core broadband backbone and individual customers. The distance usually ranges from 50 metres to 50km, and it costs an average of RM400 to lay a metre of fibre across Kuala Lumpur.

Dr Mahathir said this issue was discussed in Cabinet on Wednesday.

He, however, said it was difficult to estimate the amount of losses which might be incurred because the old infrastructure might become useful again if new uses were discovered for them.

He also said Malaysia was unlikely to auction off 3G (third generation) mobile telecommunications licences after seeing how it had resulted in prohibitive investment costs in other countries.

The Government may instead decide to award licences to companies with the best capability to provide the technology at a reasonable cost, which would enable them to make a profit.

"The Government believes that getting money upfront is not all that important. It is what we get all the way through in the future." If the telcos made money, the Government also made money.

3G technology allows a faster transmission of data and video through mobile phones. Japan's NTT DoCoMo was the first in the world to offer it as a commercial service, starting on Oct 1.

Malaysia will finalise the guidelines on the issue of 3G licences by year-end and expects commercialisation of the services in 2003 or 2004.

At the dialogue, Dr Mahathir also spoke on the need to "convert the top man" in companies to get them to use information technology.

Peppering his answers with amusing anecdotes about his own experiences in learning to use the computer, he said the older generation often had to be led by the hand. He said it was his younger children who taught him these things, and joked that they moved so fast that he could not see what they were doing.

He said people often found changes difficult, adding that he still preferred to write longhand and did not even like to use the typewriter.

"The main thing is the fear of change," he said.

He also said another barrier to ICT use was the high cost of equipment, which needed to be upgraded all the time.

He felt that computer crimes, like hacking and viruses, were not a serious deterrent, but people would have to live with them as they would always exist.

To another question, he said new companies should use incubator facilities to start operations right away as this would also inspire other companies.

In his speech, Dr Mahathir said e-commerce was not a passing fad despite the dot.com crash worldwide.

He said the crash was due to baseless stock market speculation on these companies. The investors, he said, dumped the shares when they found that many dot.com companies had no real potential. "The collapse was not due to e-commerce, but the result of share-market manipulation."

E-commerce, he said, remained an integral part of the agenda for Malaysia and it was particularly suited for small- and medium-enterprises, which however have yet to acquire such capacity.

SMEs constitute about 90 per cent of the manufacturing sector.

"I am concerned about the low level and nature of ICT utilisation of our companies especially the SMEs," he said, adding that they risked losing out if nothing was done to rectify the situation.

He said they would no longer have government protection when the markets were opened up.