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Dataprep gears up for better times

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DATUK Lim Chee Wah is probably not an icon in the ICT world yet, but he could be one soon if things go his way. Displaying some of the corporate bravado that has made his father - Genting Bhd chairman and chief executive Tan Sri Lim Goh Tong - such a successful businessman, Lim made heads turn in the local ICT sector when he decided to buy into Dataprep Holdings Bhd in 2000. Using VXL Holdings, of which he is the president, as the 'white knight', Lim pumped RM53 million cash into the then ailing Dataprep. The company, once a rising star among home-grown ICT companies, had been struggling since the late 1990s with debts reaching RM64 million in 2000. It was categorised as a financially troubled entity or PN4 status on March 4 this year. It was only re-quoted this month.

But its fortunes are expected to change soon. Since taking over as the group chief executive officer of Dataprep in May this year. Lim, who was formerly the deputy Group CEO of Genting and joint CEO of Asiatic Development Bhd, has identified business consulting and system integration as the core business. Towards this end, the company recently bought a 51 per cent stake in HRM Business Consulting Sdn Bhd, the business consulting division of auditor Hanafiah Raslan & Mohamed. The deal was worth RM3.6 million.

It appears that Lim's touch is already working wonders. Dataprep's turnover for the year ended March 31, 2002 rose by almost 40 per cent to RM133.4 million from RM96.5 million. Pre-tax profit also increased to RM15.4 million from RM1.7 million during the same period. That is an increase of more than nine times.

Not surprisingly, during the recent re-quotations of Dataprep's shares on the Kuala Lumpur Stock Exchange's second board, Lim, 47, boldly declared that the company would try to corner 10 per cent of local ICT market. Local corporate spending on ICT is estimated at RM900 million to RM1.1 billion annually. Growth expansion is also expected to come from overseas projects. Dataprep has just concluded two deals in China worth RM15.2 million and aims to penetrate the Indonesian and Thai markets as well.

mb-e recently caught up with Lim, who holds a degree in economics from the London School of Economics as well as a Masters in Anthropology from Stanford University, to better understand this rising star in the local ICT sector.

What prompted you to take control of Dataprep Holdings Bhd?

I have chosen Dataprep for two principal reasons. Firstly, both VXL Holdings Bhd (VXL) and Dataprep Holdings Bhd (Dataprep) have common businesses. This allows high synergy and in addition, prior to this, both companies were already involved in business together. There are many ways for a privately owned company to develop and progress. However, the momentum of VXL Group's progress and the capital market developments have made me aware of the need to look for growth opportunities to be financed through the capital market, using public funds to swiftly exploit new economic opportunities propagated by high-tech developments. VXL identified Dataprep as having the appropriate and necessary people, skill and platform to deploy an aggressive expansion plan. Since the early 90's VXL has recognised the immense value and potential of participating in the explosive growth of the information and communications technology (ICT) market, in Malaysia as well as the region. This eventually led to the acquisition of Dataprep.

It has been three months since the management takeover. What has been accomplished thus far?

It is still in the early days. Reorganisa-tion is an ongoing process of change. The company was in a rather bad financial shape and that had hampered the company from taking the fullest advantage of the growth opportunities. With this financial restructuring, it is a thing of the past. Priorities have been set and the first is to strengthen Dataprep's operations via a reorganisation of human resources by sharing of resources and reduction in the duplication of tasks to improve productivity. We will expand capacity to cater for the growing demand. Dataprep will continue to put in corporate governance, good management practices, training and productivity management to improve the quality of services to clients.

Are you happy with the progress?

I am absolutely delighted to work with our chairman Mirzan Mahathir and the other members of the Board of Directors who have and will continue to contribute significantly to the progress in Dataprep. Dato Seri Maharaja Mohamad Rais Zainuddin, a prominent businessman with a legal background, and Michael Yee, retired Senior Partner in Ernst & Young, have been appointed to the Board recently.

Then there is Datuk Hod Parman, was appointed as CEO and Director of Solsis (M) Sdn Bhd, a Bumiputera ICT contractor registered with the Ministry of Finance.

On July 2, 2002, Dataprep made a strategic investment in HRM Business Consulting Sdn Bhd, headed by Chew Liong Kim, executive chairman, who has been an Arthur Anderson business consultant veteran. With these people in place in such a short time, yes, I am happy with the progress so far.

What can the investor community as well as potential customers expect from Dataprep in the next 12 months?

The market is growing and major opportunities continue to emerge. According to IDC, the IT services market in the Asia Pacific region is growing and should continue to expand at a CAGR of 21 per cent while the network consulting and integration market will reach up to a CAGR of 22 per cent.

Being in a hotspot area, we can take advantage of this growth and enlarge our market share especially with our reorganisation and enhanced human resources. Hence, Dataprep will be able to gain a stronger position of profitability and shareholders would gain from the capital appreciation on the back of renewed confidence.

For our customers, they can expect improved efficiency and better quality from our services. In addition, with the inclusion of HRM Business Consulting, we have an enlarged business consulting practice and the former Arthur Anderson personnel bring along with them a well-established practice that Dataprep could adopt and adapt to.

What are the anticipated challenges in turning these plans into reality?

The challenge is that we are in an industry that faces fierce and aggressive competition from both local and foreign heavyweights. We have to develop our strengths as well as carry out continuous improvement. For instance, one of our hidden jewels in Dataprep is our software development capability. We have more than 100 software engineers (out of a staff force of 400) who write software interfaces to customise and integrate IT systems. Another advantage is that Dataprep has a good reputation as a strong system integrator, particularly in the field of networking.

What do you think was wrong with the company in the first place?

Dataprep was earlier involved in retailing of computers and computer peripherals. This business model was not successful as margins are narrow and demand is sensitively volatile. These businesses were terminated and sold off.

Describe your management philosophy.

I strongly believe in putting creativity into practice. Having been involved in the ICT sector since the early 90's, I have a vision to realise. My aim was to bring information and communication services and technology transfer into Malaysia as advocated by the government. VXL's acquisition of Dataprep will turn this vision into a reality. In the service sector, quality matters, hence `VXL' stands for `we excel'. We work around the people resources and allow their creativity to excel on an organised platform where teamwork would amplify output of greater efficiencies, scale and quality.

There is a good saying: inherit the old and exploit the future. In other words, we inherit our elders' creativity and fruits of labour, and then exploit a new chapter through technology innovation and scientific advancement. If every generation holds this belief, the world will become more progressive.

Who is your business idol, and why?

My beloved father, who else? He epitomises the exemplary businessman with the strongest discipline, integrity, sincerity, care, hard work and simplicity, especially in these trying times of a great loss in confidence in management integrity and performance from the investing public.

What are your personal goals in the next five years?

My goal is to revitalise Dataprep to become a leading ICT player in the region and to enhance shareholders' value.