

22 OCT 2002
MDV-BENCHMARK
MDV THE SAVIOR TO M'SIA'S ICT COMPANIES

TORONTO, Oct 22 (Bernama) -- The speed at which Malaysian innovative technology financier, Malaysia Debt Ventures Bhd (MDV), approves its loan applications should make heads turn.

Such efficiency could be considered a feat considering that venture capitals (VCs) normally take three months to approve a loan for Information and Communications Technology (ICT) companies.

Banks take an even longer period than that.

"We have a commitment of making decisions within four weeks. So far, we have been able to deliver this promise," said its managing director and chief executive director Jiro Suzuki.

With the business cycle in the ICT sector said to be operating seven times faster than that of manufacturing, MDV's timely financing is just what Malaysian ICT companies have been craving for as delays (in loan approvals) could mean lost opportunities or at worst, going bankrupt.

"I haven't seen any bank or VCs providing such fast loan approvals. We benchmark ourselves against the best practices in the world," he told Bernama in a recent interview here.

Jiro was with the Malaysian trade and investment delegation which recently covered Toronto, New York and St. Louis organised by the Ministry of International Trade and Industry.

Its minister Datuk Seri Rafidah Aziz led the eight-day mission which started on Oct 14.

Since the company officially started its operations on Sept 2, 2002, some 370 ICT companies have contacted MDV on how they could secure a portion of the RM1.6 billion ICT fund that it manages.

From 87 of them, which took part in MDV's weekly held business forums (conducted every Tuesday), 13 are in the process of getting their applications approved and 15 are about to go into the same stage.

The forum is organised to brief ICT companies on MDV's services, operations and the requirements to qualify for its loans.

Out of the 13, three applications worth a total of RM133 million have been approved and only one has been rejected, thus giving a success and failure ratio of 75:25.

"We have this good 75 percent success ratio because of the process that we have in place," said Jiro.

Before applicants move to the due diligence process, they have to pass through the "nurturing process" under the Business Building and Research and Technology (BBRT) department which identifies their strengths and weaknesses.

"When certain weaknesses are identified, BBRT will provide the training. When BBRT says the applicants are ready to go to the finance department, only then will their applications be passed for due diligence," said Jiro.

He said that given the present rate at which MDV approved its loans, about half or at least a quarter of its RM1.6 billion fund could be disbursed within a year.

"So far, we have received RM300 million worth of applications. If we can disburse this money quickly, I can convince the Japanese government to again disburse additional money to us," he said.

The 36-year old Jiro who is behind MDV now, was still the finance advisor to Malaysia's Multimedia Super Corridor flagship applications when

he noticed the hardship faced by ICT companies to secure fundings despite already being awarded flagship applications contract.

VCs for instance have been reluctant to provide the money as the size of such contracts, like the smart schools, was big (around RM300 million) and an exit strategy through an initial public offering (IPO) was lacking.

Prime Minister Datuk Seri Dr Mahathir Mohamad had lamented that banks on the other hand were reluctant to loan ICT companies without collateral despite them having been awarded contracts and having feasible business plans.

"In 2000, I heard that the Japanese government was going to announce the e-Asean initiative, allocating US\$15 billion fund for Asean countries to narrow the digital divide.

"It took me two years to negotiate with the Japanese government, basically the Japan Bank for International Corporation (JBIC) before they finally signed a (soft) loan agreement of RM1.6 billion," he said.

Jiro said he was set to prove to JBIC that the RM1.6 billion it placed with MDV was not too high a figure for Malaysia and could be used up faster than the slow paced-disbursement of the RM300 million SMI fund that the bank had previously provided to Malaysia.

"If I can prove to them that I can disburse this money within one to two years, then I should be able to convince the Japanese government to disburse more money to Malaysia," he said. -- BERNAMA

MAD MR SD