

15/09/2003

Construction of BMW HQ begins

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BMW Group has started construction of its RM92.74 million headquarters in Cyberjaya, Selangor, to further strengthen its foothold in the Malaysian automotive market.

Chairman Dr Helmut Panke said this is part of the company's strategy for Asia, of which Malaysia is recognised as a key market in the region with over 400,000 vehicles forecast to be sold by end-2003.

"This new facility will further strengthen our commitment to Malaysia while further enhancing the image of Malaysia as a good place to invest in," he said at the launch of the HQ in Cyberjaya last Saturday.

Panke had earlier accompanied Transport Minister Datuk Chan Kong Choy who officiated at the groundbreaking ceremony for the construction of the building. Also present was BMW Malaysia Sdn Bhd managing director Wolfgang Schlimme.

The headquarters, complete with a training facility, is expected to be completed in the third quarter of 2004 and will house the newly-established BMW Malaysia Sdn Bhd.

It will also house the Regional Group Data Centre, a training facility and a Regional Parts Distribution Centre at the Port of Tanjung Pelepas, Johor, to provide regional services to support BMW's expanding business in Asia.

Panke said with the new facilities in place, BMW expects sales of its cars in the region to double in the long term.

The world's number two luxury carmaker sold over 78,000 BMW vehicles and Mini cars in Asia last year. Its target is to double the sales to 150,000 in the next five years.

In July this year, Bayerische Motoren Werke (BMW) AG announced the taking over of the distributorship of its vehicles from Sime Darby Bhd.

Munich-based BMW then formed BMW Malaysia Sdn Bhd, which is a 51:49 joint venture between the BMW Group and Sime Darby.

Sime Darby took over the local franchise from the conglomerate's unit, Auto Bavaria Sdn Bhd, which had partnered the German group since 1987.

Sime sells around 2,000 BMW vehicles a year at between RM200,000 and RM900,000 each in South-East Asia's largest passenger car market.

Effective from August 1, BMW Malaysia, with a paid-up capital of RM25 million, will be responsible for all wholesale functions, including model mix, pricing, marketing, dealer training and network development.

It will also handle advertising and promotions, and distribution of BMW vehicles, deriving cost reductions for Auto Bavaria. The latter will remain the main dealer, and has first right of refusal on any new

dealerships in the first three years.

Its dealership network covers 13 showrooms and workshops in various cities in Malaysia.

"The headquarters would become the hub for parts distribution for countries in the region and its data centre would meanwhile serve as a group data hub to consolidate the information technology (IT) infrastructure operations of all BMW Group offices and importers in Asia," said Panke.

He added that the data centre here would be its third, besides a centre in Munich serving Europe and Africa, and one in the US.

Panke added Cyberjaya was chosen as the most suitable site for BMW Malaysia's headquarters for its unique combination of an eco-friendly environment and the latest technology in IT infrastructure and facilities.

"Prime Minister Datuk Seri Dr Mahathir Mohamad has a very clear vision of how important innovation and technology are in the new global environment.

"We at BMW have always felt that way and our products are a testament to this. Hence we feel there is a lot of synergy and we intend to grow and share success together with Malaysia."

BMW is following suit other carmakers such as Honda Motor Co, Volvo Cars, Land Rover and DaimlerChrysler AG, which have taken over the distributorship from their local franchises.

The deal came in the aftermath of BMW's decision in March last year to make Malaysia the regional centre for its Asian operations.

Global carmakers are taking over the distribution and marketing of their marques from local distributors as they gear up for the market opening of the sector with the advent of the Asean Free Trade Area in 2005.

Meanwhile, Chan said in his speech that BMW's leading presence in the local market is a reflection of strong confidence among international investors in Malaysia."This is what transfer of technology is all about, encompassing human resources and IT, and resulting in smart partnership," he said.

According to the Malaysian Industrial Development Authority, as at June this year it has approved almost 600 projects with investment amounting to US\$2.5 billion (US\$1 = RM3.80).

"Of the US\$2.5 billion, about US\$1.2 billion was from foreign investments. Compared with total investments of US\$4.7 billion for the whole of 2002, I believe the overall investments would be higher by year-end," Chan added.