

26/05/2003

Stimulating ICT growth (HL)

Rozana Sani

THE economic stimulus package announced by Prime Minister Datuk Seri Dr Mahathir Mohamad last week is expected to give a boost to the local information and communications technology (ICT) industry, leading to better growth than previously projected.

While there were none specific to the ICT industry, the overall incentives are meant for the development of the whole country and economy which indirectly facilitates the continued growth and development of the ICT industry, according to industry observers.

The Association of Computer and Multimedia Industry Malaysia (Pikom) said with the package, the industry growth projection for 2003 is reverted to the initial 10 per cent as announced at the beginning of the year - prior to the outbreak of the Iraq war and the severe acute respiratory syndrome (SARS).

"We expect the overall ICT sector to see some immediate effect (within three to six months) as more disposable income is made available to the public. The multiplier effect of such measures would be quite significant," Pikom's chairman Looi Kien Leong told Computimes last week.

Looi said one particular incentive that would benefit the ICT industry indirectly is the additional RM600 million allocated to SMI Fund.

With this fund, the smaller software houses and personal computer (PC) retailers will be able to get financial facility more easily, he added.

However, there are areas which Pikom felt could have been better addressed by the package such as incentives to increase the purchase of PCs and boost Internet usage.

"We also would like to see some incentives to buy locally-made ICT products and services. Another area that the Government should look into is to improve the ICT infrastructure, especially in the broadband area," he said.

Michael Kang, ICT chairman of the SMI Association of Malaysia, said the SMI Fund provided in the package will create a convenient platform to migrate small and medium-sized enterprises (SMEs) towards transformation into knowledge-based and technologically sound businesses via financial packages, entrepreneur development, training and education with ICT as the main driver.

"This will help develop community-driven electronic activities (such as electronic business) and circumvent any negative effects of events such as the SARS outbreak, war or terrorism attacks.

"It would also boost e-commerce, particularly the business-to-business (B2B) environment, ICT training and education, and ICT outsourcing that will reduce the overall ICT overhead in a company."

The Technopreneurs Association of Malaysia (TeAM) and its sister organisation, New Entrepreneur Forum (NEF), believe that all parts of the ICT industry will stand to benefit to an extent, particularly those who are looking for seed funding with the RM100 million given to Mavcap to develop seed venture capital.

Others who can gain are those who are looking to penetrate foreign markets with the start-up fund of RM100 million to promote Malaysian brands, and those who are looking to do collaborative work with universities with the matching grant for commercialisation of research findings.

There might also be spill-over benefits from the RM500 million

technology investment fund, depending on the new technologies acquired, said TeAM's funding and finance committee chairman Nazrin Hassan.

"It would be good if the New Entrepreneur Fund of RM400 million also included a small but separate allocation for technopreneurs involved in the ICT industry. This would certainly help build the critical mass and widen the variety of funding access to budding technopreneurs," he said.

All in all, Nazrin said effective implementation of these measures is key and the Government should monitor the implementation closely, with