

Tengku Azzman defends Mimos

'We have fulfilled our mandates'

By S Jai Shankar



Mimos' headquarters in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur

If future historians decide to put Malaysia's ICT sector under the microscope, they will certainly find it hard to understand the quirk that is Mimos Bhd. It is a private enterprise wannabe, which uses Government money to run businesses. It triumphantly espouses the virtues of a free market but was never submitted to the full-rigours of market forces. In short, it had risk-free Government funds to finance its dreams of being a privatised entity – almost a case of privatised dreams, if you may.

But dreams are essentially transient. And eventually both Mimos and the Government woke up when the report by consultants McKinsey & Co was submitted in 2002. The report underlined Mimos' difficulties – it appeared to be doing too many things at one go at the expense of what it was supposed to do it the first place.

The Government acted on the report. It stripped Mimos of the various guises that it had cloaked itself over the years.

The different hats it wore included that of an R&D centre, PC maker, Internet Service Provider semi conductor manufacturer, and policy advisor. What also appeared to be dismantled was the power structure – helmed imperiously by Tengku Datuk Dr Mohd Azzman Shariffadeen, the 57-year-old Kelantan royalty, and second liners such as senior vice-president Dr Mohamed Awang Lah and former vice president Dr K.J. John.

John left Mimos abruptly in September this year. In October, *Bernama* released a curious media communiqué, saying that Tengku Azzman will resign once his contract ends. This added yet another layer onto the multicoloured stratum that makes Mimos' story intriguing. Then another report came a week later saying that the Tengku's contract has been extended for another year. Yet another twist.

To understand Mimos and what makes it tick, as well as all the issues around it, one certainly had to speak to

Tengku Azzman.

Are you happy with Mimos' performance thus far?

I think you are asking the wrong question as it is not profitable to talk about performance without quite understanding about Mimos' past. Mimos was given different mandates at different points of time. And we have repeatedly fulfilled our mandates. For example, in the first stage, we were essentially a small experiment. We were created by a cabinet paper that was tabled by the then Prime Minister, Tun Dr Mahathir Mohamad. Mimos started as merely a unit under the Prime Minister's Department. This was from 1985 to 1990.

The next stage is when we became a department within the then Ministry of Science, Technology and Environment in 1991. In 1994 we were asked by the Government to be involved in ICT-based policymaking. And we did this as well, although we had no experience and

people to do it. Despite that, eventually we were one of the parties involved in the genesis of the Multimedia Super Corridor (MSC) project. In fact, I was the one who suggested to the then Prime Minister to invite (management guru) Keniche Ohmae to Malaysia and explore the possibility of such an idea. In 1996 we became a corporatised entity. Our mandate was *'to be for profit'*. Mind you, there is a clear difference between being profitable and *for profit'*. The difference is rather than trying to become profitable, our mandate was to ensure we chose the more profitable options when it comes to picking projects. So essentially we have fulfilled our mandate. And this will also be the case once the reorganisation of Mimos happens. The R&D arm will be *for profit'*, but fully funded.

Despite millions in Government funds pumped in, it appears that Mimos has little to show for.

This is not true. The general public doesn't seem to understand that we are not a research centre that is tied to a business entity. It made little sense for us to patent our innovations when the

commercialisation arm was not in place. That is the reason why it was never done before. Now we are in the process of patenting some of the innovations that we have developed. Unfortunately I can't share the details yet as it is still pending.

Also, Mimos has created a lot of intangible benefits in terms of increase in domain knowledge and others. For example, recently there were issues about the National ICT Security & Emergency Response Centre (NISER) helping the Government to track down the identity of hate mailers. This would not have been possible if NISER was not created by Mimos. So, these are the kinds of benefits spun off from Mimos' creation that are often missed by people.

The issue about Mimos is not if our existence had been beneficial but a case of whether we are able to balance the books. This is not easy. For example, when we were corporatised, we were asked to fund our R&D work and policy-making arm from the surplus accumulated from our businesses. The surplus was in hundreds of thousands of ringgit. But still we realised it would not be enough eventually. A year later we went to the decision makers and told them so. In 1999 we did a full presentation to separate the business from the main organisation.

Mimos is not sitting in the new National IT Council board. Do you see that as a snub?

No. I am in fact happy that this happened because of the past perception of conflict of interests. Yes, we did host the NITC secretariat, and yes, Mimos also had businesses running during that time. But different teams manned these different functions. As such, there were never opportunities for anyone to take advantage of the arrangement. However, it has to be said that we still provide a lot of input to the NITC board via the Ministry of Science Technology and Innovation. We are after all now working under the ministry.

You seem to have trouble holding on to

your management staff, especially at Mimos Semiconductor Sdn Bhd (MySem).

That is not the case. Every company needs a CEO that suits its requirement. In Mimos, we see all businesses as start-ups. And business requirements change over time as the company matures. It was same in the case of MySem. When Lim Heng Jin, who recently departed as the CEO of MySem, came onboard last year, there was a need for MySem to strengthen its manufacturing operations. Lim was the right candidate for that due to his vast experience in the manufacturing side, including stints with giant MNCs such as Intel and Quantum. However, over time this need changed as MySem moved from the manufacturing phase into the business phase. And we needed someone who has business building skills. Unfortunately, Lim was not able to accomplish this as well as he would like to. He understood that. We understood that. We are now in the midst of looking for a new CEO, but the need is not imperative. We are taking our time and have been on the lookout for the last six months. Hopefully we would be able to choose someone by the end of this year.

How is that you are still making these decisions when Mimos is supposed to be just an R&D outfit now?

Yes, according to the reorganisation, we are supposed to be broken up. But it has not happened yet. So for the time being at least, we are still making decisions for the businesses. In short, until a true separation happens, we will still be involved in all aspects of the organisation. We should not forget that those in the businesses are still part of the Mimos family. But if the separation happens, then the respective companies' shareholders will carry out decisions such as who should be the CEO of MySem and such. Mimos will then only concentrate on the R&D activities. We are hoping that this can happen by the end of the year.

How about your position?

Firstly let me clarify Bernama's announcement. I don't know why the word 'resigned' was used. But our media

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Azzman: I was the one who suggested inviting Kenichi Ohmae here to explore the setting up of the MSC.

release used the word 'exit' to explain the situation and that was appropriate. My contract ended, I didn't resign.

Anyway, it matters little as the Board has extended the contract for another year. My contract had been on a two- to three-year basis since the corporatisation of Mimos in 1996. So, there is nothing new in the extension. Also, it is not for me to say if I am the right person to oversee the change as I am basically just following what is being asked of me. I have been in the Government service for a long time and will continue do so as long as my services are called for.

What will Mimos' R&D roadmap be in the near future?

We intend to focus on three core things. Firstly, we are developing an IP for a chip for the general purpose radio

system engine. We are hoping to create the first IP by the first quarter of next year. This is a starting point. This will help us into moving into wireless data communication. Such technology will ensure we are well in place for the emergence of 3G and 4G phases of mobile networks. Our model is to create IPs and allow others to use the IPs including MySem. We are also looking at mixed-signal analogue systems. Micro-Electro-Mechanical Systems (MEMS) will be another focus areas. We are looking at creating value on top of this technology. We are keen on biochips. It can be used to detect the presence of certain proteins. We have a four-person team in Germany currently working on the project.

The MEMS technology was acquired from an external party. Does this indicate the failure of Mimos' R&D efforts?

Again, such perception arises due to a lack of understanding on how the industry works. It is very difficult to forecast which technology will make it big as there are usually various competing technologies at any one time. In the technology sphere, we have got some successes in forecasting which technology will make it big. For example, we banked on the Internet and created Jaring in 1987. This was at a time when it was not very clear if Internet will eventually take up in a big way. But of course we can't be right all the time. It might be said that we banked on the wrong technology because we opted for CMOS technology. But we could have been successful had we got the right support. We had identified and were ready for three micron CMOS in 1987. But the project didn't take off although the funds were available. There were various reasons why the project didn't take off which I don't want to delve into. 