

GEARING UP FOR PHASE 2



It all started seven years ago with an announcement that Malaysians would enter into an extensive project that would transport the nation into the Information Age. Today, palm oil plantations have been replaced with state-of-the-art buildings fortified with digital age infrastructure, nestling in an all-embracing multimedia environment. Phase 1 development has bequeathed the MSC with surpassed targets and accomplished milestones. The nation is now ready to take on more ambitious milestones and tougher challenges.

The 7th IAP meeting in Cyberjaya was an especially important and momentous juncture for the Multimedia Super Corridor. This year marks the migration of MSC's development into Phase 2.

The occasion was celebrated during a special dinner on the second night of the IAP meetings. It was a moment which was symbolically endorsed with the signing of a book in the shape of a butterfly by the Prime Minister, Datuk Seri Dr. Mahathir Mohamad. The occasion was sealed - the MSC has officially taken off on a flight on course to Phase 2.

It was business as usual at the 7th IAP meeting, which welcomed the 31 IAP members who attended the meeting. Dr. Mahathir was delighted to greet and receive the loyal and supportive regulars, and also first-time panel member, Mr. B. Ramalinga Raju, the chairman of New York-listed Satyam Computer Services Ltd. This is the biggest show of attendance ever since the initial launch of the IAP meeting in 1996. The IAP members, who constitute internationally renowned technology leaders and thinkers, have been a strong inspiration for MSC's progress and policies over the past seven years; and with the MSC's forward move into Phase 2, the advice, counsel and contribution of the IAP members were anticipated even more than ever.

Ideas and Considerations

The key topics covered by the IAP members this year centred around issues pertaining to the move to Phase 2. Dato' Dr. Stan Shih of The Acer Group opened the round of discussions with his presentation on 'Business Strategies in the New World'. This was followed by a topic on 'Technopreneur Ecosystem', by Professor William F. Miller of Stanford University.

A discussion on a matter closer to home entitled 'Global Outsourcing: Implications for Asian Countries' was brought forward by Mr. B. Ramalinga Raju. Meanwhile Dr. Terry Cutler deliberated on 'Creative Industries as Economic and Cultural Asset Growth Areas'. On a theme close to the area of their expertise, Mr. Ragnar Back of Ericsson and Ir. Anton Hendrik Schaaf of Siemens, enlightened the Panel on 'Ubiquitous Devices and Broadband Technologies'. Meanwhile, the last topic covering aspects pertaining to R&D collaboration between universities and industry players was presented by Professor Sir Alec Broers of University of Cambridge in 'Universities & Industry: Working Together on High Technologies'.

Dr. Mahathir, who chaired the meetings found the discussion to be "very good", and "We covered a lot of areas and received a lot of views, which will be very useful for our future development."

Well Above Target

The accomplishments during Phase 1 had positively paved the way for MSC's elevation towards Phase 2.

"We had targeted for 500 companies by the end of 2003, but we now have 920 companies. We needed 30 world class companies for 2003, and we now have well over 50," explained Dr. Mahathir.

"I do not think the world has realised how successful Phase 1 has been, given the challenges that the MSC had to face, such as the regional economic crisis of 1997, the global economic slowdown and the recent Severe Acute Respiratory Syndrome," said Mr. Bob Bishop, the Chairman and Executive Officer of Silicon Graphics Inc.

"People here are modest about the MSC's accomplishments. Knowledge about it needs to be more widespread so other companies can know what's happening," said Professor Miller, who found that the progress which MSC has shown as "remarkable". He added, "All developments are ahead of schedule. People do not expect miracles to happen overnight, but if we compare the MSC to the Silicon Valley and Taiwan, the MSC has developed much faster than that."

Blazing the Path for the Future

Success is a powerful motivator. It was time to assess the successes achieved during Phase 1, to prepare the MSC for future challenges. The moment was ripe for the MSC to cross its boundaries and extend its reach to a much more widespread area. Phase 2 of the development will see MSC as a global hub that is a haven for entrepreneurship and innovation, accompanied by the emergence of new business models to boost technology adoption.

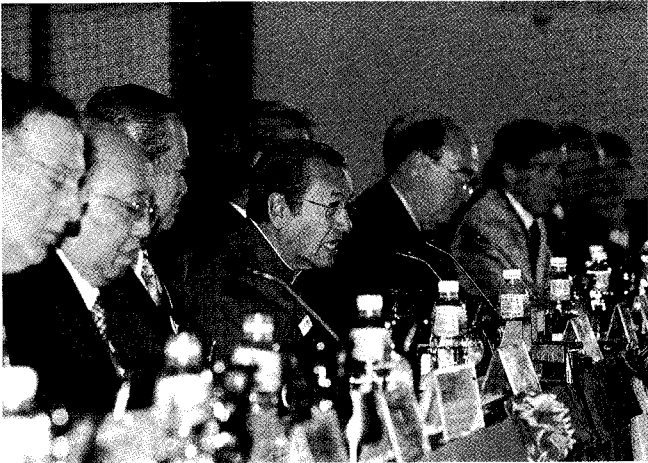
"The key themes focused on the need for the MSC to go global and develop the necessary innovative capabilities," explained Dr. Mahathir. He stressed on the importance of keeping up with changes and that "we have to be even more innovative to ensure the MSC remains relevant."

The IAP members deliberated on developing new business models that concentrate on the delivery and

supply chain. Dr. Mahathir and the members emphasised on the importance of thought leadership in thinking, innovation and in applying technology. Professor Derek Williams of Oracle Corporation expressed that thought leadership, "requires energetic, enthusiastic, experienced and committed professionals", and that local players should take advantage of the know-how power of multinational companies to elevate to the next plane of innovation.

opportunities are in outsourcing, offshore development and virtual delivery services."

Meanwhile, Professor Miller of Stanford University encouraged the MSC to take the lead by moving ahead of the curve during its expansion in Phase 2. The two areas he proposed are biotechnology and nanotechnology. He propounded that the MSC "get into leading-edge ideas and sciences, so that other countries can see it as a model."



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Dato Seri Dr. Mahathir Mohamad

The members were in unison that cooperation between universities and industry players must be enhanced to further propel R&D initiatives in the country. Greater involvement by universities in MSC projects, coupled by independent collaboration with the industries, will eventually direct the university researchers to issues that are more relevant to business realities and the needs of the economy. Dr. Mahathir acknowledged, "We need to adjust our thinking, and if necessary, relax our rules and regulations governing universities and the use of Government funds for (private) R&D."

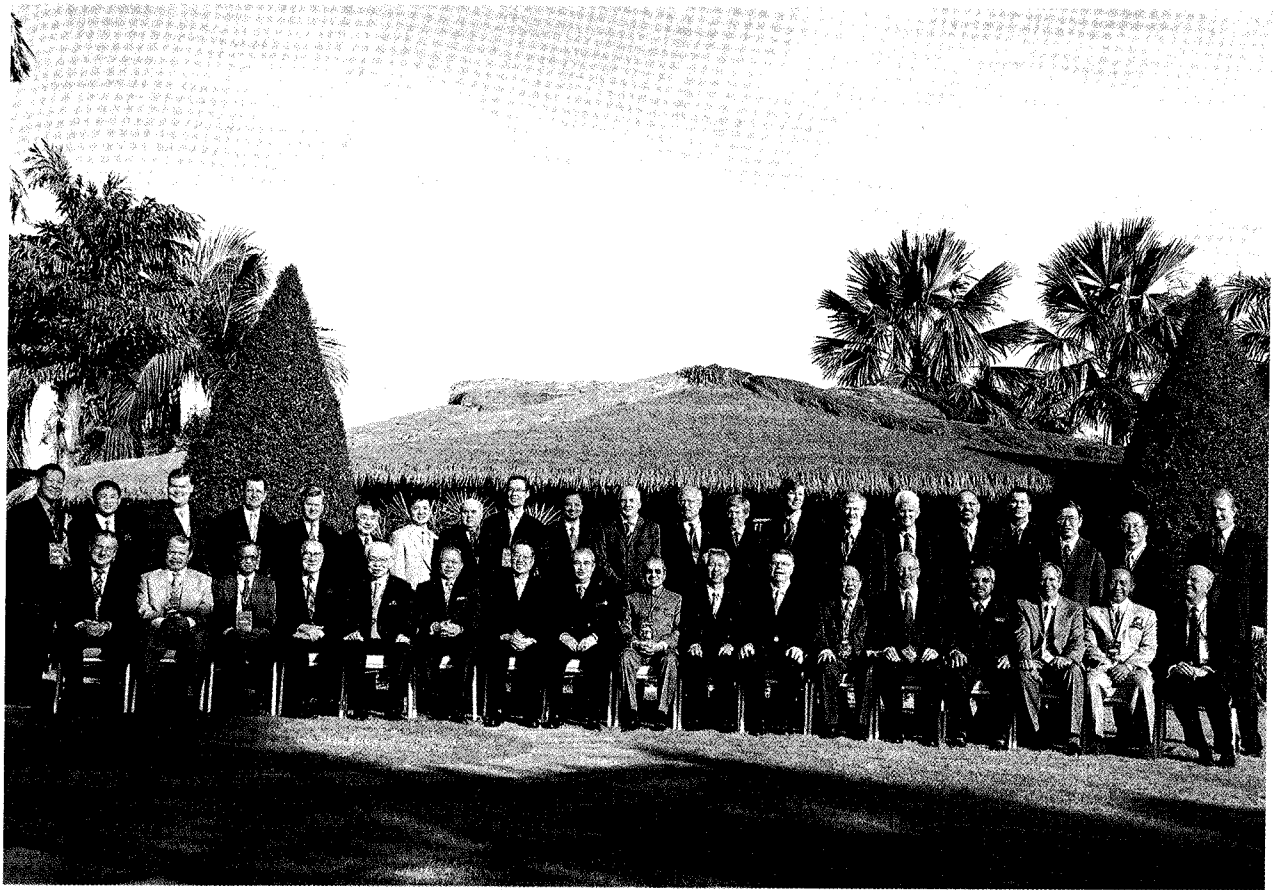
Touching on the future direction of ICT businesses, Dato' Dr. Stan Shih commended Malaysia in establishing itself in the manufacturing industry and advised that, in order to remain competitive, businesses should focus more on value added services, particularly in technology-based service industry. He reasoned, "The service industry is the next wave in economic development. In advanced countries, the services sector comprises two-thirds of their economies. There are higher returns and more opportunities in services."

Mr. B. Ramalinga Raju indicated that services make up to 65 percent of the global GDP, and said, "The

For Silicon Graphics Incorporated's Mr. Bob Bishop, 3D modelling and digital film content production are two areas of applications which the MSC can tap into. Silicon Graphics Incorporated has already located their 3D immersive design centre in Cyberjaya, setting the stage for engineers and scientists to collectively resolve complex problems in a multimedia environment.

On the issue of manpower, Phase 2 will furnish the platform for the local workforce to embrace knowledge-based and higher value-added skills. MSC will bring in more local knowledge workers into the ICT arena, providing them with comprehensive training and technological know-how. By fortifying the labour force with more knowledgeable and highly-skilled Malaysian workers, the MSC will raise the workforce's capability to compete globally to progress towards industrialisation. Malaysians will not only enjoy improved career prospects, but also a better standard of living through their increased salaries.

Encouragingly, this is already happening in the MSC! Already, 87 percent of the population of knowledge workers in the MSC is made up of Malaysians. Mr. Bob Bishop lauded the MSC, "The good news is that the MSC



is creating jobs faster than the number of IT workers churned out by the education system. At present there are 3,000 job vacancies, which is good because we can create skilled workers much faster and attract the best students of Malaysia to train and join the MSC."

Beyond Advising

The MSC has benefited enormously from the advice and counsel received from the International Advisory Panel since its first meeting in Stanford University in 1997. Their ideas and proposals have been constructive to the continuing progress of the MSC.

But, it is not just about advising and counselling. Over the years, IAP members and their corporations have also been on the ground, working hand in hand, with the MSC and the MSC based companies.

Oracle has partnered with an MSC-status company, XYBASE (M) Sdn Bhd, to locally develop an airport management system. This system is currently being used

in 12 airports all over the world. In working together with a multinational company like Oracle, creations and innovations originating from the MSC are now transcending international borders and wider markets. Professor Derek Williams of Oracle Corporation explained, "Harness the power of multinational companies, with their know-how and understanding, and work with local professionals for the next level of creativity."

IAP members, who have been enjoying the many privileges and advantages of locating within the MSC, have also been busy lobbying other multinational companies. "I have spent a lot of time explaining the benefits of Cyberjaya to companies like BMW and HSBC," said Mr. Stephen McGuckin, the Global Chief Information Officer of DHL.

Today, HSBC has positioned its Asia Pacific outsourcing centre in Cyberjaya; meanwhile, the groundbreaking ceremony of BMW's Asian Regional Centre was officiated in early September, 2003.

Handing Over the Reins

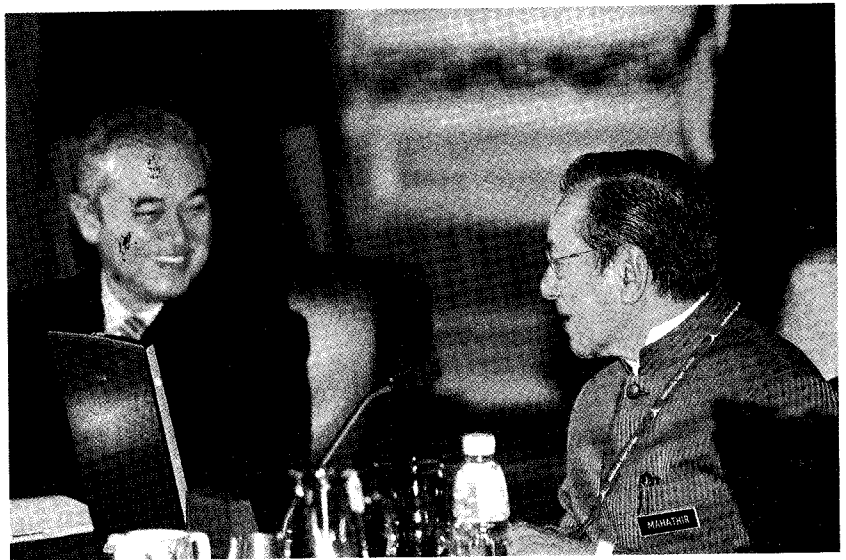
The 7th IAP meeting was in many ways a pivotal moment; for as the MSC saw itself embarking onto Phase 2, it also witnessed the handing over of its chairmanship from Dr. Mahathir to the Deputy Prime Minister, Dato' Seri Abdullah Ahmad Badawi.

Since the inception of the MSC, Dr. Mahathir has been the admired mentor and mastermind of the Multimedia Super Corridor project. It was to him that the MSC community looks up to for support, guidance and inspiration.

In the words of Dr. John Gage, Sun Microsystems' Chief Researcher and Director of Science, "There has been no other Chief Executive (Dr. Mahathir) that has brought us all together like this, and for so many times. We have learnt from Malaysia and have concrete examples and stories to share with other countries."

While it was a poignant moment for many IAP members to see Dr. Mahathir make his final appearance as Chairman of the meetings, they were also very candid to welcome Datuk Seri Abdullah to take on the reins of the MSC. Mr. Robert Madge, President of IDTrack, underlined the members' sentiment, "The MSC has so much momentum now, there's so much commitment and many companies. I don't think the leadership change will cause any major impact, certainly not in the short term."

The resolve of the IAP members remained unchanged, "In fact, IAP members will be more committed. When you climb the K2 mountain you can see the valley below and find that Mount Everest is much higher," explained Mr. Bob Bishop.



Successor and predecessor deliberate on the future of the MSC

For the next stage, Datuk Seri Abdullah has announced that the focus would be on education, e-communities and e-government. "To truly reap the benefits of ICT, we need to put more effort in these areas."

The chairmanship may have been officially handed over, but it was unanimous that all members including the new Chairman wanted to see more of Dr. Mahathir in the future,

to which Dr. Mahathir responded cheerfully, "As far as I am concerned, if there is anything I can do, I will definitely help!"

In positively high spirits, Dr. Mahathir also declared that the MSC will not only "become another Silicon Valley, it will be 'the MSC!'" in a truly victorious fashion of a visionary Chairman who leaves his charge to his successor with confident optimism and foresightedness. ■■■

PHASE 2 MILESTONES

Link the MSC to other cybercities in
Malaysia and worldwide
2003 - 2010

- Web of corridors -
- 250 world-class companies -
- Set global standards in flagship applications -
- Harmonised global framework of cyberlaws -
- 4-5 intelligent cities linked to other global cybercities -