

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE PRODUCT LAUNCH AND SIGNING CEREMONY BETWEEN ACCTRAK21
SDN. BHD.AND ACCTRAK21 TECHNOLOGIES (M) SDN. BHD.
AT BALLROOM, CONCORDE HOTEL SHAH ALAM
27 APRIL 1999**

Assalamualaikum Warahmatullahi Wabarakatuh

Professor Tan Sri Dr. Syed Jalaludin Syed Salim Vice Chancellor Of Universiti Putra Malaysia

Mr. Tim Loving, Managing Director Acctrak 21 Sdn Bhd

Ladies and Gentlemen,

Firstly, let me congratulate Acctrak21 Sdn Bhd and Acctrak21 Technologies on this auspicious occasion. Today's signing and launch of Acctrak21 Technologies mark a progressive step in I.T. development in Malaysia.

2. I understand that Acctrak21 has done the country proud by winning two awards from the internationally acclaimed accounting net and CPA software news in the United States. This is another achievement for a local start-up MSC status company, which met the stringent requirements expected of an international product, to allow it to rank itself with big International names.

Ladies and Gentlemen,

3. Acctrak21 is another success story of companies that have benefited from the government's efforts of promoting Information Technology (I.T.). The government's efforts on I.T., have indeed been intensified, following Prime Minister Dato' Seri Dr. Mahathir Mohamad's vision of Malaysia achieving a fully developed status by the year 2020.

4. Acctrak21's success also prove the capability of local companies to produce world class products. I certainly hope that many more of our companies could emulate the achievement of Acctrak21 and able to introduce to the world made in Malaysia software of high technology in other fields as well.

Ladies and Gentlemen,

5. In attaining vision 2020, there is need for Malaysia to leapfrog into the information age in the new millennium by transforming ourselves towards a knowledge-based economy. I.T. and multi-media is indeed the enabling tool to increase efficiency, productivity and competitiveness of the economy.

6. The government has undertaken various initiatives to promote the use and development of I.T. The National Information Technology Agenda (NITA) was formulated in 1996, to serve as a framework for a coordinated and integrated approach in developing the three strategic elements comprising of human resource, infostructure and I.T. based applications.

7. One of the country's major plans to accelerate Malaysia's entry into the information age is the creation of the Multimedia Super Corridor (MSC), which provides the platform to synergise expansion of I.T. related industries and products. Suitably qualified companies are accorded with MSC status, which confers upon them certain privileges under a bill of guarantees. The government has also established Multi-Media Development Corporation (MDC) to lead the development and management of the MSC.

8. We have received an encouraging response from the private sector keen to invest in MSC. So far, we have 31 world-class companies with MSC status, nearing the 50 world-class companies targeted by end of the year 2003. As of April 19, 1999, MDC has received 275 applications for MSC status. So far, 212 or 77 per cent applications were approved, while 29 or 3.6 per cent of the applications are still being processed. Ten applications were rejected and the remaining 29 applications are borderline cases.

9. Contrary to what has been reported in some foreign media, the government is very committed in ensuring the success of the I.T. sector in general, and MSC in particular. The government, through various agencies, was quick to put in place relevant laws and regulations to deal with complex issues of cyberlaws and intellectual property rights, to expedite the development process of I.T. in Malaysia.

10. So far, the government's efforts have shown positive results. The government, with the help from all parties, will continue to strive towards improving the I.T. industry in Malaysia, as it is vital to further encourage the development of new software applications and also protecting innovations which are now in the market.

11. The government's commitment in the I.T. sector is undoubtedly evidenced by the increase in allocations for the I.T. industry. A sum of RM2.013 billion was initially allocated for the I.T. sector under the 7th Malaysian Plan, but this has now been increased to RM4.01 billion. This includes RM1.182 billion allocation for the implementation of MSC flagship applications, such as smart schools and telemedicine. A sum of RM600 million has also been put aside to tackle the y2k problem. Estimated expenditure for the development of I.T. for 1996 - 1998 stands at RM976.6 million.

12. Investment in I.T. in Malaysia expanded at a rate of 8.4 per cent per annum during 1996 - 1998, increasing from RM3.8 billion in 1995 to RM4.84 billion in 1998. The government's fiscal incentives, including the removal of sales tax on computers and components, are partly the reasons which have encouraged greater activities in the I.T. industry.

Ladies and gentlemen,

13. To further entice I.T. companies to participate in the MSC project, MDC has been delegated the responsibility to administer and award grants to MSC- status companies. One of the grants is the multimedia super corridor research and development grant scheme (MGS), which is designed to help innovate local companies or joint ventures developing relevant multimedia technologies and applications which would contribute to the overall development of MSC.

14. As of April 5 1999, MDC has approved four companies for the mgs grant totalling, about RM5.56 million. Mgs has been allocated an initial sum of RM100

million under the 7th Malaysian Plan.

15. With the grants, the government hopes to encourage research and development in multimedia products and services, as well as their innovative use in the MSC. The grant is also to support the development of Malaysian knowledge workers, which in turn would improve productivity. Furthermore, it is hoped that R&D collaboration between international companies with leading-edge technology and local companies, especially SMEs with prime objective of establishing competitive world-class companies can be promoted.

Ladies and gentlemen,

16. The success of the MSC crucially relies on the availability of knowledge workers across the various specialisation of the multimedia value chain. Even when foreign skills are encouraged to participate in the development of MSC, the government, via MDC, is working towards increasing the supply of locally trained skilled workers.

17. In light of this, the government has introduced several policy measures, which include promoting the growth of private institutions of training, supporting joint-ventures between local and foreign educational institutions and expanding the training capacity in the public training institutions.

18. MDC has also, among others, set up international market access program to encourage suitably qualified Malaysian companies to exploit the international I.T. market and to become world class over time. Apart from this, MDC advisory and consulting centre for enterprises or MDC access has also been established to offer services to facilitate smart partnership programmes.

Ladies and gentlemen,

19. It is also pertinent for us to promote further another component of the I.T. industry - which is software development - so as to boost the I.T. sector. For the software industry, domestic demand is estimated to increase from RM1.5 billion in 1997 to RM2.3 billion by the year 2000.

20. We need to create more technopreneurs in the software technology to cope with this increase in demand, which ranges from data centre management, systems integration and implementation as well as desktop management and applications maintenance.

21. The government offers various incentives to companies with MSC status. Technopreneurs should take advantage of various financial assistance that the government is offering, via funds like demonstrator application grant scheme (DAGS), MGS and the technology acquisition fund. Furthermore, the scope of the commercialization of R&D fund will be extended to include software development companies for the commercialization of indigenous R&D in software development.

Ladies and gentlemen,

22. The I.T. industry is indeed going to be the strongest driving force of change in our daily lives, particularly as we enter the new millennium. I believe that the I.T. industry will continue to prosper and Malaysian companies will continue to develop international standard products and to be at par with other international names.

23. The government will continue to aggressively promote the I.T. industry despite some setbacks to our vision 2020 caused by the regional economic slowdown. The government's commitment towards the I.T. remains unchanged, and we will pursue our plans to provide a conducive environment for the development of I.T. and multimedia in Malaysia.

Thank you.