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(PRIME MINISTER)

EVENT: THE OFFICIAL OPENING OF THE NTT MSC CENTRE

VENUE: CYBERJAYA, SELANGOR

DATE: 09 JUL 1999

TIME:

Good afternoon. May I first thank NTT Corporation for inviting me to officially open this landmark facility in Cyberjaya, which is the first full-fledged R&D Centre of its kind to be built in the MSC's flagship intelligent city. I would like to express my personal appreciation to Mr. Miyazu for finding time amidst a very busy schedule to come from Japan to attend the third IAP Meeting and to be with us on this historic occasion.

2. NTT is not a newcomer to Malaysia, nor is it a new investor. It has been a strong contributor to the development of our country's IT industry for more than 12 years. It was also one of the four pioneers in the MSC, and NTT MSC Sdn Bhd was among the first to achieve MSC status. Congratulations are in order for yet another pioneering effort by this global player in the MSC. This facility is also the first by a web shaper in Cyberjaya. It is even more meaningful when one considers the fact that NTT is the largest Telecoms company in the world.

3. I have looked forward to the opening of this impressive facility which, I believe, is poised to take on a significant and pioneering role in catalysing the development of the R&D Cluster Flagship Application in the MSC. The decision by a global player in the telecommunications sector to build its second largest overseas R&D centre and regional hub for Asia in the MSC is testimony of the confidence it has in this unique development. It is also a vote for the investment climate in MSC as a whole. This is indeed a special occasion for Malaysia.

4. Silicon Valley companies were often seen as having caught the first high-technology wave, and Cambridge-based companies, the second-generation wave. Here, at the MSC, we aim to promote the development of next-generation multimedia technologies by forging collaborative R&D efforts among leading-edge companies, public research institutions, and universities. At the same time, we shall support the growth and spin-off activities of smaller companies - placing an equally strong emphasis on product conceptualisation and

development, right through to the stage of commercialisation, when the product is taken to market. Apart from ensuring the right climate for research and innovation, the Government takes its role seriously in providing access to talent, facilities, funds, partnerships and information. Our vision is to create the first internationally-focused R&D cluster in Asia, driven by strong governmental support and guarantees, so that the MSC will lead the region's initiative into the Information Age. In doing so, we hope to be able to learn from the experiences of other successful clusters around the world.

5. The economic downturn that swept across the entire region last year did affect the MSC somewhat but it did not diminish our effort to make the MSC our next engine of growth. In pursuance of this goal, our primary aim of fast-tracking the growth of Cyberjaya is bearing fruits. This week alone, we have seen the opening of Cyberjaya and the Multimedia University, two major landmarks of the MSC, which were both completed ahead of Cyberjaya's opening. This came against the backdrop of a strong economic recovery, which will naturally lead to increased investor confidence and investment as we approach the new millennium. Apart from NTT, we also have 33 other international world-class companies with MSC status focusing on the development and application of a wide range of leading-edge technologies. These include IT/multimedia-based subsidiaries of global leaders in varying industries; companies such as Shell, DHL, Bridgestone, Lucent Technologies, Bridgestone Engineering, and many others. In addition, there are more than 100 Malaysian MSC SMEs involved in software development, E-Commerce, Internet Publishing, broadcast communications and entertainment, and many other areas of high-end technology.

6. In an environment where collaboration, creativity, innovation and risk-sharing are fostered, companies will find the MSC the place to experiment with new ideas and new partnership models. Today -- and even more so in the future -- the economy is made up of networks of strategic alliances and symbiotic partnerships, even symbiotic competitors working together. As futurist Kevin Kelly observes in "Re-thinking the future", the borders between many industries are disappearing, and what is evident is an indefinite web of related organisations, all interconnected and thriving off each other. Interestingly too, he noted that in such open systems -- called vivisystems -- every new business that comes along actually creates the environment for another business to come. It is not a zero-sum game -- where every new business causes some other businesses to die -- it is quite the opposite. The more businesses there are

around, the more room there is for new businesses. This is the scenario I see for companies and public institutions in the MSC, and I hope that NTT, being a global giant in its field and an MSC-pioneer, will take the lead in forging such alliances with other companies and institutions of higher learning within the MSC.

7. In Malaysia, the Ministry of Science, Technology and Environment has identified five research programmes to jump-start R&D operations among local small- and medium-scale companies and promote technology and knowledge transfer. These are in the areas of Open Network Infrastructure, Multimedia Services, Multimedia Intelligent Systems, Document and Image Manipulation, and Multimedia Collaborative Applications. We recognise that there is a need to look beyond short-term opportunities and build on emerging underlying technology. We have also established a MSC R & D Grant Scheme in October 1997 with an initial allocation of RM100 million to support R&D initiatives within the MSC. To date, seven companies which are involved in telecommunications, e-commerce, computer telephony integration, content and application software development have received the MGS grants. In the area of telecommunications, we feel the MSC has all the necessary prerequisites to be a testbed for wireless technology. In this respect, we shall actively support R&D in wireless technology in local universities and research institutes, as well as provide a conducive environment for companies to conduct field trials, especially in next-generation wideband-CDMA (Code Division Multiple Access).

8. I am pleased to note that the NTT MSC R&D Centre will be the corporation's telecommunications hub for activities such as value-added Arcstar global network and total solution services which offer multinational companies top quality and reliable frame relay, managed leased line and Internet Protocol (IP) network services. I am also glad with the areas that have been identified for research, including next-generation Internet, machine translation covering English-Bahasa Malaysia-Japanese-Chinese, and digital data indexing, among others. It has also gone a step further in identifying areas for joint research, some of which, I understand, have already started, for instance, R&D on lightning-surge protection. Those at evaluation stage include improved network management systems for telecommunications companies and next-generation internet joint experiment under the framework of Asia Pacific Advanced Network (APAN).

9. We have much to learn from a corporation like NTT, not just as a global leader in telecommunications, but as a very successful business entity. With close

collaboration, we can learn from its experience and emulate its success. As Ikujiro Nonaka and Hirotashi Takeuchi acknowledge in their book which analyses how Japanese companies create the dynamics of innovation ("The Knowledge-Creating Company"), what sets Japanese companies apart in bringing about continuous innovation is the linkage between the outside and the inside of the organisation. Knowledge that is accumulated from the outside is shared widely within the organisation, stored as part of the company's knowledge base, and utilised by those engaged in developing new technologies and products. A conversion process takes place where the knowledge from outside is converted and goes out again in the form of new products, services or systems. According to them, it is the effectiveness of this conversion process that fuels continuous innovation within Japanese companies, which in turn leads to competitive advantage.

10. Another observation is that the Japanese view knowledge as being primarily "tacit" - something that is not easily visible and expressible -- and have mastered the science or process of making tacit knowledge explicit. In doing so, they moved away from of the old mode of thinking that knowledge can be acquired, taught and trained through manuals, books or lectures. Instead, they paid more attention to the less formal and systematic side of knowledge and focused on highly subjective insights, intuitions and hunches that are gained through the use of metaphors, pictures or experiences. Another unique feature of Japanese companies too, as they observe, is the fact that no one department or group of experts has the exclusive responsibility for creating new knowledge. Front-line employees, middle managers, and senior managers all play a part, although there is a differentiation among the three roles. The creation of new knowledge is the product of a dynamic interaction among them.

11. I hope that through close collaboration and networking with NTT, we can learn how the Japanese approach "knowledge creation", which is quite different from the Western approach. It follows that companies in the MSC have the unique opportunity to learn from among the best in the world. I would call on MSC-Status companies, especially the local ones, to make the best of this opportunity and follow the footsteps of the leaders in becoming world-class companies themselves.

12. I would like to end my address by thanking once again NTT and its President, Mr. Miyazu, for its confidence and support in the MSC. I would like to take this opportunity to wish the Board and management of NTT MSC every success in its operations. With that, I now officially declare the NTT MSC Centre open.

