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## Malaysia yet to grow world-class ICT firms

By [Lee Min Keong](#), ZDNet Asia

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**KUALA LUMPUR**—While Malaysia's Silicon Valley, the MSC Malaysia, has spawned some 2,000 'MSC-status' companies, it has yet to develop any world-renowned ICT company, says an official from an industry group.

"Unfortunately, after more than a decade [of the MSC's existence], we still don't seem to have home-grown and globally-renowned ICT firms or leaders that stand the test of global competitiveness," said Bobby Varanasi, head of marketing and branding at [Outsourcing Malaysia](#), an industry body representing Malaysia's outsourcing industry.

"Local firms in a variety of ICT sectors still don't stand up as serious competitors in the regional or global competitive marketplace," Varanasi told ZDNet Asia.

"The perception seems to be that the private sector tends to look first to the government for all decisions and support structures, instead of leveraging government as the last port of call," he said, in an e-mail reply regarding queries on the impact of [rebranding initiatives](#) undertaken by MSC Malaysia.

According to [MSC Malaysia's Web site](#), a total of 1,994 companies had been granted [MSC-status](#) as at Dec. 31, 2007, of which only 1,594 were still active businesses.

One of Asia's first nationwide ICT initiatives when it launched in the mid-1990s, the Multimedia Super Corridor (MSC) was renamed MSC Malaysia in April 2006. The [Multimedia Development Corporation](#) (MDeC), which oversees MSC's development, said the re-branding exercise was necessary to ensure MSC Malaysia and the [local ICT industry](#) remained competitive against other global ICT hubs.

### Too big a role?

Varanasi noted that the government, through agencies such as the MDeC, was perhaps taking on too much in its [role to develop Malaysia's ICT sector](#).

"Today, it's clear that the government is in the driver's seat... [However], too much handholding isn't always good as it tends to motivate lethargy and mediocrity," he said.

"This is, unfortunately, what I've come across in my various interactions worldwide. I think the right balance is for the government to become a facilitator sooner, rather than later, while the private sector has to start [focusing on] value," said Varanasi, who is also chairman and CEO of [Matryzel Consulting](#), a business consulting firm.

He added that the inability of the local ICT sector to step up and be competitive, regionally and globally, has contributed to this state of affairs.

"While I think this is not the responsibility of the MSC [to lead the IT sector], the domestic private sector hasn't always played as active a role as one would expect, thereby, putting the pressure back on the MSC to continue to handhold," he explained, urging the need for the private sector to be an active contributor to industry development.

"The private sector seems to be inextricably pigeon-holed with bottom-line oriented approaches, while the global marketplace is actively seeking and flexing their business models so long as they can see topline value as key organizational drivers," he said.

Varanasi said corporate chiefs of IT companies should take it upon themselves to seriously question if organizations are creating "value or just margins".

"Unless value creation becomes the language of an organization, there is nothing much on the table to offer," he said. "Today's frenetic pace of commoditization puts further pressure on such chiefs to transform their organizations.

"I don't think the question is about whether CEOs have the ability or not. Rather, the question is, do CEOs see and understand enough of the implications of their bottomline-oriented strategies as short-term gains, with longer-term survival issues at stake," he noted.

Once they realize this, the private sector will rally itself around value, resulting in partnerships, transformation and innovation, he added.

Varansi, however, gave his thumbs-up to the MSC's rebranding exercise, noting that "it has been immensely successful".

"Primarily, the rebranding was not just about positioning, but also messaging," he said. "The earlier message reflected a restricted view that a variety of opportunities and incentives were available within the Corridor."

"Today, the world views the MSC Malaysia brand to encompass a set of longer-term development goals that include [people, knowledge](#), facilities, [policies, infrastructure, innovation](#), partnerships and growth."

Varansi said the MSC has been successful in bringing in a significant number of global ICT companies to operate in Malaysia, through the foreign direct investment (FDI) route. The [shared services and outsourcing](#) (SSO) sector, for example, has seen significant successes especially in the past five years, he said.

*Lee Min Keong is a freelance IT writer based in Malaysia.*

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