



# Creating gems from MSC companies

BY LEE WEI LIAN

**B**adlisham Ghazali, CEO of Multimedia Development Corp (MDeC), is aware that certain quarters have alleged that the MSC Malaysia concept is more about quantity than quality. The numbers seem to support that — there are about 1,700 MSC-status companies. Of these, 1,373 are active.

But he says this (the quantity) was necessary as there had to be a critical mass of IT companies before any gems could arise.

On the possibility that some of the inactive companies could be used as tax shelters, as some suspect, he says: "There will always be bad people anywhere you go."

But then he adds: "Some [inactive companies] could still be active but in another form."

To hasten the process of creating gems from this pool (of active companies) and to focus on the good people, MDeC has launched a new initiative last week for MSC-status software companies (which comprise about 52% or 719 of the total) known as the MSC Malaysia Software Initiative (MSC SI). "We can favour quality now," Badlisham tells *net@ue2.0* after the launch. He says the new initiative is about nurturing companies with the potential to grow and produce higher returns.

"We can increase the pool of MSC-status companies to show a rise in MSC-generated revenue but, in the end, that is not a successful approach," he admits.

The first partner for the software initiative is Microsoft. Companies which enrol in the programme and successfully complete it will be known as Microsoft OneISV certified (ISV stands for independent software vendor). "It will be a premium brand," says Yasmin Mahmood, CEO of Microsoft Malaysia. "An extra endorsement."



Yasmin: Microsoft OneISV is a premium brand

For the privilege of having this premium brand stamped on the company, a OneISV candidate will have to meet four requirements — it must have MSC status, it has to be Microsoft-certified, it has to pass a platform test and it has to file for intellectual property rights (IPR).

There will be no enrolment fees. Companies in the programme will receive training in CMMI (capability maturity model integrated) and project management as well as be groomed in marketing and other aspects considered vital to business success.

The goal, of course, is not only to attain, but also to be seen as attaining a certain level of quality. "It will help in project management as well as branding and marketing," says Tyson Dowd, senior director at Microsoft.

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Badlisham (centre) with Microsoft's representatives and the CEOs of the six companies selected for the Microsoft OneISV programme. On the far left is Rizatuddin.

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### First batch

At the launch, *net@ue2.0* met with two of the six companies pre-selected for the OneISV programme — Strategic Benchmark and Authentic Ventures.

Strategic Benchmark started out in 2003 with an ambitious goal of penetrating the globally integrated world of airline ticketing systems. But competing against well-established players in that space proved tough, and so CEO Zulkhairi Ghazali (picture) changed course — he decided to pursue the local bus ticketing market instead. The resulting bus ticketing system was a finalist in the General Applications category in the APCTA 2004 awards where it lost out to local banking software company Silverlake.

Adversity struck when fuel prices went up in 2005, causing potential bus customers to balk at investing in more software systems.

Undeterred, Zulkhairi decided to venture into entertainment ticketing and found a good customer in Istana Budaya. Today, 47% of Istana Budaya's tickets are purchased online. The company employs



12 people. "I'm looking forward to the OneISV programme, especially the CMMI training," says Zulkhairi.

Authentic Ventures, started in 2002, provides enterprise management systems. "The first few years were tough," says CEO Aziz Ismail. "But we started to see positive cash flow in 2005." The margins in the software industry are good, he adds. Authentic Ventures' core strengths are in asset and maintenance management. Customers who have used his solutions include Tenaga Nasional, felda, Inai Kiri and the naval dockyard in Lumut. The Microsoft platform was chosen for its long-term stability and prospects.

"We will ride piggy-back on Microsoft," says adviser to Authentic Ventures, Tan Sri Dr Samsudin Hitam, a former chief secretary to the government. The company has 20 employees and develops its solutions using Visual Basic and ASP (application server pages). But it is also moving into .NET, says Aziz. As for the OneISV programme, he hopes the training and branding will help Authentic Ventures expand its market share and venture abroad.