

# Johor Cyberport out to woo global IT firms

It wants to attract 2,000 companies and RM2b investments over next 10 years

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MALAYSIA yesterday rolled out its Multimedia Super Corridor (MSC) Johor Cyberport plan aimed at wooing global IT firms and the IT arms of multinational corporations — particularly those based in Singapore.

"We want to build a company such as Google in Johor," said the man in charge of the project.

MSC Cyberport chief executive Ganesh Kumar Bangah said the area will be marketed as the most cost-effective and efficient gateway to East Asia, and that large MNCs and outsourcing companies will be invited to take stakes.

The target is to attract 2,000 companies and investments of RM2 billion (S\$858 million) over the next 10 years.

The cyberport — officially launched yesterday by Prime Minister Abdullah Badawi — is touted as being strategically located a stone's throw from Singapore and Malaysia's two growing ports of Tanjung Pelepas and Johor.

The city-located Menara MSC Cyberport — formerly known as Menara Sarawak Enterprise — has been designated an MSC cybercentre. And a second and much bigger cybercentre — a new township called Bandar MSC Cyberport — will be developed in phases from 2008 on a 60-hectare site at the intersection of the North South Highway and Second Link, a 30-minute drive from Singapore.

Malaysia's third city in the national technology initiative — after Cyberjaya and Penang — will be structured as a private finance initiative between the Johor government and the private sector, driven by MSC Cyberport.

The aim is to create an estimated 200,000 new jobs, with IT graduates of local institutions of higher learning providing the bulk of the knowledge workers needed. A total of RM2.16 billion in venture capital funds is available for financing prospective MSC firms.

Mr Abdullah urged Johor people to embrace the knowledge economy and stressed that entrepreneurs, especially bumiputra entrepreneurs, should take advantage of the Johor Cyberport to expand their businesses.

In Singapore, companies told BT they have mixed feelings about Malaysia's plan to develop Johor as a hub for IT and software development, business process outsourcing and logistics.

Many said they will wait and see what happens, though some were more enthusiastic and others much less so.

Singapore-based IT so-



## Financial incentives and benefits

- Up to 10-year exemption from income tax
- 100% investment tax allowance on new investments made in MSC cybercentres
- Freedom to source capital for MSC infrastructure globally and the right to borrow funds globally
- Freedom of ownership
- Unrestricted employment of foreign knowledge workers
- Duty-free importation of multimedia equipment

lutions provider Crimson Logic said it already has a "small office in Johor Baru, doing maintenance work for some contracts" and "has no further plans to expand presence in Malaysia".

Another Singapore-based firm, Genovate Solutions, which also provides IT consulting and e-solutions in KL and Penang, said it welcomes the Johor initiative but is cautious about making further investment in Malaysia.

"Genovate may consider

operations in the area. However, this would depend on the delivery of promised incentives and associated investment costs," said the firm's founder and CEO Anton Ravindran.

Several Singapore-based companies, as well as foreign multinationals, already have operations in Cyberjaya, the first smart city within the MSC in the state of Selangor.

Sun Microsystems, Oracle Computers, Intel and IBM are tenants at Cyber-

jaya. Other key multinational tenants include DHL, Nokia and Shell. Financial services groups that have set up operations at the smart city include OCBC Bank with its data centre, Prudential and HSBC, while Citibank has set up a back-office in Johor.

DHL has already invested US\$65 million in an IT service centre at Cyberjaya, according to Sam Leong, country manager for DHL Express Malaysia. It also has 24/7 operations in KL, Penang, Malacca, Port

Klang and Johor. If business volumes in Johor continue to grow, DHL will "evaluate" the need for further infrastructure, Mr Leong said.

German logistics giant Schenker's general manager for Singapore, Tan Tian Tye, said location decisions are customer-driven and that Malaysia's proposed tax incentives for its latest multimedia zone in Johor will have to outweigh the cost of poorer connectivity and response time to customers that Schenker would face by locating in Johor Baru.

"There are only a few direct sails from the Port of Tanjung Pelepas to most Asian countries, unlike in Singapore," he said.

"We have a warehouse and distribution operation in Johor Baru, but this is very very small compared with what we have in Singapore. We have to truck products to Singapore to catch a vessel or flight, and with Customs formalities, this can waste another one to two days."