

**A Study on Technology Region Success Factors with
Comparative Analysis on the Multimedia Super Corridor**

Mark Anand Solomon

**Bachelor of Engineering (Honours)
University of Southampton
United Kingdom
1996**

**Submitted to the Faculty of Business and Accountancy,
University of Malaya, in partial fulfilment
Of the requirements for the Degree of
Masters of Business Administration**

October 2002

Perpustakaan Universiti Malaya



A511702428

Executive Summary

Technology regions refer to regions which have densely packed technology companies and their associated supporting industries with some of those companies having achieved immense success so that they can be considered world class.

This paper firstly looks at Malaysia's economic evolution and underscores the case for Malaysia's need to transform itself from a low wage manufacturing economy to a knowledge economy. Competition from other low wage countries such as Thailand, Indonesia and China is diverting investment in the manufacturing sector and eroding Malaysia's competitiveness causing growth to slow. To counter the anticipated manufacturing slowdown, the country needs to move up the value chain in providing higher value add services of which the Multimedia Super Corridor (MSC) is seen as the vehicle.

The concept of technology regions is then explored and its importance explained followed by a detailed description of the MSC. Case studies are conducted on Silicon Valley and Bangalore both established technology regions in order to identify their underlying success factors.

Based on those factors, a new set of factors is developed in order to assess the MSCs progress so far. Recommendations are also proposed on possible steps the government can take in order to increase the success of the MSC.

This report draws on:

- Secondary data from journals, articles, reports, books and internet websites
- Interviews with staff from Multimedia Development Corporation (MDC) and Multimedia University (MMU)

CONTENTS

	Page
1.0 INTRODUCTION	5
1.1 Objectives	5
1.2 Research Methodology	5
2.0 LITERATURE REVIEW	6
3.0 ECONOMIC EVOLUTION	9
3.1 Economic Sectors	9
<i>3.1.1 Agricultural Sector</i>	<i>9</i>
<i>3.1.2 Manufacturing Sector</i>	<i>9</i>
<i>3.1.3 Service Sector</i>	<i>10</i>
3.2 Transition to K-Economy	10
4.0 TECHNOLOGY REGIONS	12
4.1 Characteristics	13
4.2 Benefits	14
5.0 MSC	15
5.1 Infrastructure	16
5.2 Bill of Guarantees	17
5.3 Cyberlaws	18
5.4 MDC	19
5.5 Central Incubator	20

Contents

5.6	Research and Development Grant Scheme	20
5.7	MSC Status	21
5.8	Flagship Applications	23
5.9	MSC Today	24
6.0	CASE STUDY: SILICON VALLEY	26
6.1	Background	26
6.2	Success Factors	27
7.0	CASE STUDY: BANGALORE	32
7.1	Background	32
7.2	Success Factors	33
8.0	ASSESSMENT	38
8.1	SWOT Analysis	38
8.1.1	<i>Strengths</i>	38
8.1.2	<i>Weakness</i>	40
8.1.3	<i>Opportunities</i>	42
8.1.4	<i>Threats</i>	45
8.2	Discussion	45
8.3	Recommendations	46
9.0	CONCLUSION	42
REFERENCES		
ACKNOWLEDGEMENT		