

Cyberjaya

Words by Shermian Lim

Photographs by Gerald Goh

IN A 1991 WORKING PAPER ENTITLED “THE WAY FORWARD”, Tun Dr Mahathir Mohamad laid out nine challenges in turning Malaysia into a developed nation by the year 2020. Among them was the challenge of establishing an innovative and forward-looking society—one that would not only consume technology but also contribute to technological advancements in the country. “Entrepreneurs must be spawned,” Tun Mahathir wrote. “Where necessary, technological and training help must be extended; and infrastructural support must be given.”

With this in mind, the Multimedia Super Corridor was inaugurated in 1996, five years after the former Prime Minister unveiled his plans. Now known as MSC Malaysia, the original project covered an area of 750sqkm that included the Twin Towers, KL Tower, KLIA, Putrajaya and Cyberjaya—a 50km long “corridor” that aimed to be the hub of innovation in technology.

Two decades on, the MSC seems to have fizzled out, but new developments could bring much needed revitalisation to the project. Esquire explores a small pocket in the world of start-ups to find out what could potentially turn Malaysia into the region’s next tech hub.

connected?



Above
A MaGIC employee finds a quiet space in the building's co-working area.



Cheryl Yeoh
CEO of MaGIC.

preneur, Ng believes the government, through different venture capital agencies and accelerator programs, has provided enough funding and incentives to kick-start a healthy ecosystem. Ng should know personally: he was one of the early entrepreneurs who went through the grind, receiving a RM150,000 grant from the Multimedia Development Corporation (the agency tasked with overseeing the development of the MSC and is known as MDec) to build Groupsmore, the first start-up he founded with partner Joel Neoh, which was later acquired by Groupon.

“Huge companies are made not because the government is doing things right,” Ng says, “they’re made in spite of the government doing things wrong.” More importantly to Ng is what he calls “software and networks” that need catching up. “The urban *rakyat* has a default bias of hating on the government,” he says. “And that’s what the *rakyat* has to realize: at the end of the day, it’s about Malaysians themselves getting off their ass and getting s**t done.”

CHANGING A MINDSET is never easy, but things seem less far-fetched when one can build on a concrete example of how other successful start-up ecosystems became reality. Cheryl Yeoh, Chief Executive Officer of the year-old Malaysian Global Innovation and Creativity Centre (MaGIC) intends to draw on Chile’s start-up ecosystem that began barely four years ago, but has propelled itself into the 20th-best ecosystem in the start-up world. The takeaway that Yeoh gets from the Start-Up Chile program in Santiago is that if the program were modeled to be more insular and more focused on

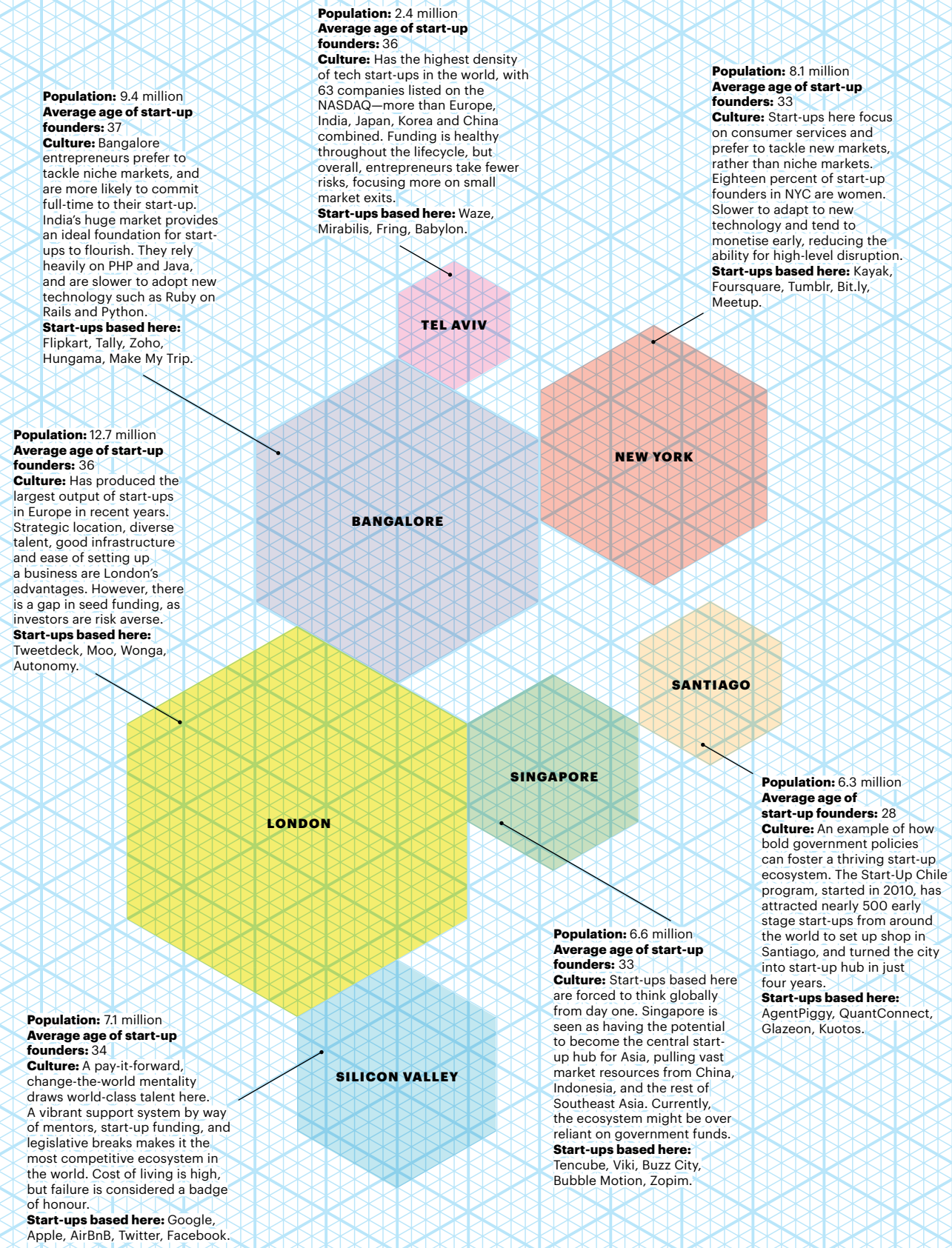
A 2011 STUDY CONDUCTED by Ritsumeikan Asia Pacific University on the impact of the MSC indicates that the project has done reasonably well in impacting Malaysia’s ICT industry. Between 2004 to 2010, a total of 2,520 MSC-affiliated entities produced a combined revenue of RM 92.8 billion, created 99,590 knowledge-based jobs, and garnered RM1,512 million in investment for research and development. The project has hit some of its targets, the report states, but with “additional room for improvement”. The original MSC corridor has grown to include “cyber-cities” and “cyber-centres” in states such as Penang, Kedah, Johor and Melaka. Within the Klang Valley are 20 cyber-centres—some are well-known properties such as Mid Valley City, the Intermark Quill 9 and Jaya 33—while another seven developments stamped as MSC-approved are in the works.

But the MSC, according to Khailee Ng, serial entrepreneur-turned-venture capitalist and start-up mentor, is just infrastructure. “It’s the hardware, and it works fine.” As a long-time en-

Khailee Ng
Managing Partner,
500 Startups.



A LOOK AT START-UP ECOSYSTEMS AROUND THE WORLD





A QUICK LOOK AT START-UPS BASED IN MaGIC'S CO-WORKING SPACE

iKargo
iKargo is an online commercial logistics marketplace that connects SMEs and SMIs with third-party shippers who are returning to base without cargo or delivery jobs for the day. Shippers get their return trips covered by these iKargo jobs, and the SME gets a discount on their shipping costs. iKargo began a year ago, and its database lists nearly 2,000 trucks from Malaysia, Singapore and Thailand. Founded by Richard Kok, 45, and Mu Sichen, 29. ikargo.com

GetDoc
Launched in January and founded by Jerry Hang, 32, and Chris Ching, 30. Utilising the flight-booking model, GetDoc is a platform that easily connects patients to the right doctors. Users can search for the right doctors at nearby clinics and hospitals, and make appointments online. Hang and Ching drew from their late father's painful experiences with hospital visits to create this start-up. beta.getdoc.my

DobyBox
Founders Elmi Haryadi Daldiri, 40, and Edwin Jesu Dass, 20, met here at the MaGIC co-working space. Elmi, who owns a laundry business, noticed that his customers often delivered and picked up their laundry outside of business hours, which is why he came up with a 24-hour, online payment laundry locker service to solve that problem. DobyBox is slated to launch in June. dobybox.com

Golfbogey
Golfbogey, a tee-off times aggregator, provides booking solutions for golf clubs, golfers and travel agents looking to resell tee-off times. Users of the Golfbogey app can choose a participating club and easily pre-book a time to go golfing. Founded by Prathib Sooria Demudu, 27. golfbogey.com

Shoptizen
Shoptizen's tagline is, "Everyone's a brand ambassador", and using this lifestyle platform is that simple: it connects fashionistas with emerging brands. Users share images of their favourite outfits and tag the brand on social media. Users get rewarded if their tag triggers a sale from any of their followers. Founded in January by Looi Choon Beng, 26, and Johansen Chew, 28. shoptizen.co

Erik Gan (right) and a cohort take a break at the Hideout.



products are not there yet," Yeoh says. "There's a lot of opportunity, and once entrepreneurs capture those markets, it's very defensible. It's not easy for someone to come in and expand, and you have to have regional contacts, the sensitivities and the knowledge on how to tweak that."

ONE OF THE MORE COMMON CRITICISMS about Malaysia's ecosystem is that it loses out in visibility. "The Singapore government markets themselves a lot, but Malaysia actually has more top regional Internet companies based here," says Patrick Grove of Catcha Media. Four out of the top five start-ups in Southeast Asia—Jobstreet, iCar, iProperty and MyEG—are Malaysian start-ups. "But there is so much more we can do to market Malaysia," Grove stresses. Recognising this as a stumbling block to Malaysia's potential as a start-up hub, Yeoh and her team also designated one of the goals of MAP is to build a critical mass of start-ups that investors could get enthusiastic about.

"Prior to MaGIC, even I didn't know where to go to find them," says Yeoh, an entrepreneur herself. In a typical co-working space, people usually rent a space and work in private until it's time to go home. There wasn't a co-working space that focused on building a "cohort-driven" mentality. "It's so lonely and hard to be an entrepreneur; nobody understands your problems," Yeoh adds. Putting like-minded people in one room gives them peer support and a network. "It doesn't feel like they're just in their room or in Starbucks, hacking away." At MaGIC's co-working space, there is a community manager who oversees the space.

Soon, perhaps, private start-up spaces might catch on to the community-driven mentality as well. At the Hideout, a co-working space at One Tech Park, an MSC-approved building in Bandar Utama, there are roughly eight start-ups in the space. Hideout's manager Erik Gan says that they don't take freelancers—every company is a regular with designated work desks. While everyone there works quietly at their laptops most of the time, founders can share ideas and resources—and if they get to know one another well enough, they could even collaborate on new ventures. Hideout is very industrial in its look and feel, with bare cement floors, open-plan Ikea desks, exposed ceilings and glass-enclosed conference rooms. It's the type of hip workspace that you'd expect a start-up to set up shop in.

BUT THE TYPES OF COMPANIES AND PERSONALITIES in the space bring a range of experiences that give insight into what attracts them to Malaysia's start-up scene, and what they see as challenges in the ecosystem. One of them is Hajime Hirose, co-founder of Buzz Element, a proximity marketing platform that recommends personalised merchant deals to nearby shoppers. Hirose, who is originally from Tokyo, had planned to set up shop in Singapore. "I was pretty sold on the idea of moving to Singapore," Hirose says. But then, he visited Kuala Lumpur for one day. "I guess it was the chemistry, that I thought Malaysia was better. For an entrepreneur, we thrive in an environment with more chaos," Hirose adds with a laugh. Kuala Lumpur, according to him, has a good balance of English-speaking residents, education options and lower living costs. Hirose doesn't even mind that Malaysia's 4G network isn't great. "As long as I'm at home or in my co-working space, I'm okay." Hirose's biggest challenge is manpower. "Hiring is difficult, especially for positions with specific skills, like developers and social media marketers." Hirose would prefer not to hire someone to do the job remotely, as Buzz Element is still an early-stage start-up. With things changing constantly, he needs his team to be there physically.

Other founders, though, are more liberal about telecommuting employees. "I do have a preference for them being here, but it's not a deal-breaker," says Chin Xin-Ci, founder of WatchOverMe, a personal safety app. Chin currently retains a former intern based in the US due to her experience with paid acquisition. "It's really hard to find someone here who can manage USD20,000 budgets for adwords, Facebook ads and media buying, especially for performance-based marketing," Chin observes that, though the shortage of performance-based marketers is systemic in other ecosystems, developers—though they are in shortage—are slightly easier to find.

In an attempt to address the shortage, MaGIC partnered with Code Division, a nine-week boot camp that trains people with no prior coding background to become world-class junior software developers. Taught by Josh Teng, the founder of Code Division, students at the boot camp are given coding challenges to solve, increasing their knowledge of web development as they work through each challenge. Teng says 40 students have undergone his coding boot camp, and they plan to train another 100 students this year, partly to "help solve some of the talent shortage problems faced by start-ups trying to grow faster". Currently, the boot camp costs RM 9,000 per student, with RM 8,000 offset by a scholarship from MaGIC. Yeoh points out that similar programs in America cost USD10,000, but she doesn't intend for MaGIC to continue subsidis-

Opposite page, top to bottom
MaGIC's headquarters in Cyberjaya; the future space of the MAP programme.

Right
Chin Xin-Ci, founder of WatchOverMe, and Alla Berdnikova, head of growth, work in a relaxed space at the Hideout.



Hajime Hirose
Co-founder of Buzz Element.

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—Khailee Ng

"The good part about Southeast Asia is that it has 600 million people, and it's still a white space. A lot of products are not there yet. There's a lot of opportunity, and once entrepreneurs capture those markets, it's very defensible. It's not easy for someone to come in and expand, and you have to have regional contacts, the sensitivities and the knowledge on how to tweak that."
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"I was pretty sold on the idea of moving to Singapore. [But] I guess it was the chemistry, that I thought Malaysia was better. For an entrepreneur, we thrive in an environment with more chaos."
—Hajime Hirose

ing low rates for such services—be it boot camps or workshops—to avoid creating a scenario of overdependence on government financing.

"Things would not be sustainable if you keep relying on government support," Yeoh says. For the first few years in operation, Yeoh believes that they need to show value to the community. With developers, subsidising their training helps people understand why they are so valuable and in such high demand. But over time, when a proven track record has been established, Yeoh sees that all funding will need to be reduced. The idea is not to spoon feed, but to supplement other grant-giving organisations through education and exposure to successful mentors and other ecosystems around the world. With the accelerator program, Yeoh believes that, after a few batches, investors will come to see Malaysia as a destination with "really good entrepreneurs".

YEOH ENCOURAGES ANYONE from any industry with a very good idea for how to innovate to try out their ideas. "Another challenge is that people think MaGIC is very niche, but, no, we're not just focused on tech companies." She brings up MyTeksi as an example: "They're not a tech company—they're a transportation company that is using innovation to change their business model for how they charge taxis. They're getting rid of call centres and making it safer for people. Everything these days is actually tech. Everyone carries a mini computer these days, and if you're a brick and mortar business without e-commerce, you'll be left behind." ■

