



Sean Murphy is CEO of Sires Labs, based in Cyberjaya, Malaysia's answer to Silicon Valley. The Galway man tells Tom Sullivan about Cyberjaya, being Irish in Malaysia and the challenges faced by newcomers to Asia's electronics industry.

DOING BUSINESS IN MALAYSIA'S SILICON VALLEY

It was a chance meeting that led Sean Murphy to head up Sires Labs in Cyberjaya, the high tech Malaysian town 50 km from Kuala Lumpur. As managing director of the power and electronics division of Shannon-based C&D Technologies, the engineer, who hails from the Claddagh, in the heart of Galway city, travelled regularly to the region from the mid 1990s to outsource work. Then, during a trip in 2002, he heard of a small start-up with enormous potential.

"A friend told me about a group of really talented engineers with a great product but no real management skills," explains Sean. "When I went to see them and saw the dingy little office they were working in at the time I just went 'oh my God'," recalls the 48-year-old, who earned his MBA from Strathclyde University in 1992, after 13 years with Digital Equipment Corporation in Galway, where he worked his way from the shop floor to senior management.

"But I was really impressed, and an hour after meeting them, I was heading up the company!" He soon moved the firm to its new high tech premises, just 20 minutes from Kuala Lumpur and the international airport by the bullet train.

Sires Labs makes high speed optical microchips, used in new generation mobile phones, high resolution televisions and the electronic circuitry of cars. The optical chips industry is worth more than US\$1 billion worldwide and Sean intends to capture 5 per cent of that market by next year.

Sean's clients are large original equipment manufacturers (OEMs) mainly in East Asian countries such as Japan, Korea and China however he sees no incentive to move the company further east.

Malaysia's pro-business policies coupled with a highly educated English-speaking workforce and proximity to Asian markets gives the company a strong competitive edge, he says.

"Compared to Europe or the US, we're in a low cost labour region here, and we get a 50 per cent reduction on all the software tools we use," he explains, adding that government grants, tax breaks, lack of

bureaucracy and state of the art infrastructure make Cyberjaya an ideal location for technology firms.

"Most of our customers are in the Asian area, and we're within a couple of hours of their time zones and just a short flight away. That

way we can answer their questions quickly. Our products are so technical that you get a few hundred questions in the first weeks of dealing with a new customer."

Living in a multi-ethnic country has also given him an appreciation of the Asian business culture.

"There are three different cultural groups here – Indian, Chinese and indigenous Malaysians and we are all communicating in English. But the Irish have a tendency to talk very fast, so you have to check yourself," he says, referring to day to day operations in the firm of 30 employees. "You have to be sure that people understand you and follow things up with emails. You also have to realise that 'yes' does not always really mean 'yes' but sometimes only 'maybe'."

While he spends most of his time between Japan, Korea, China, Singapore and Ireland, meeting clients and raising finance for a planned expansion of the company, Sean feels at home in Malaysia and gets regular visits from his sons living in Galway and London.

"People have a lot of time for the Irish out here, and there is a lot of interest in how our economy took off. A lot of Malaysians have studied in Ireland and they will even quote you facts about the Irish development model," he says laughing. "They think it's a goldmine over there!"

However Ireland, he says, has little to teach Malaysia when it comes to infrastructure as the country's roads and rail links are second to none. Cyberjaya, which includes a large residential area, enjoys high speed broadband, artificial lakes, landscaped parks and all the creature comforts of a developed Asian city, a fact which, he says, surprises many people at home who have a more third world image of Malaysia.



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“I find the culture and the Malaysian people not too different to how Ireland was ten years ago. Although Ireland has been changing dramatically, the people here are still incredibly friendly.”

When venturing further east, Sean employs specialist help to cross the cultural divide, in particular when meeting clients in Japan where hierarchy and notions of respect can be difficult for outsiders to fathom.

“We have a technical man on the ground in Japan who has worked with some of the biggest electronics companies. You have to tread very carefully and understand the respect side of things,” he says. “I’m not sure it would work if we put an Irish person or a Malaysian there.”

Although he is in the process of raising funds for the commercialisation of the company in the coming months - recruiting an international sales and marketing manager and targeting new business in Europe - he intends to keep his client list short to focus on a highly specialised market.

The firm’s niche lies in customising chips for the largest OEMs and turning around new products in less than six months. The chips use less power and are smaller than their competitors, an important point for companies building mobile phones or laptops, he explains. It took more than three years before Sires Labs produced a saleable product, largely due to the long design cycle for optical microchips.

Sean is quick to urge potential Irish investors to bide their time when approaching Asia’s electronics markets.

“What people often find is that they come out and think they’re going to do business immediately. They don’t quite realise that things are done a lot differently here. You have to get to know who you’re dealing with and figure out which government bodies cover various aspects of your business,” he says, adding a note of caution.

“There’s also the issue of credit terms, which you don’t tend to get right away. So you have to be careful not to throw a lot of money around the place.”

Throwing a lot of money around is not required to enjoy the good life in Cyberjaya where the cost of living is still low, according to Sean, despite the western style facilities. The IT city boasts an artificial lake and landscaped parks where he jogs every morning and he can choose from three golf courses to tee off from with Irish and Malaysian friends at the weekends. **M**

MALAYSIA: A FAMILIAR ENVIRONMENT FOR IRISH BUSINESS

Participants on the recent trade mission to Malaysia and Singapore visited Kuala Lumpur and found the Asian city not quite as foreign as might be expected.

The days of Somerset Maugham sitting on a terrace knocking back pink gins may be long past. But as a former British colony, which gained independence in 1957, Malaysia is English speaking and has a commercial and legal framework that is business friendly and broadly similar to the UK. It is relatively easy for Irish companies to operate locally, particularly in the larger cities. Over the past 20 years, the Malaysian government has been promoting the country as a prime Asian location for foreign direct investment and, to a large extent, it has been successful. Many of the US multinationals that came to Ireland over those years also located facilities in Malaysia. However, in recent years, there has been some relocation of these facilities to NE Asia, particularly to China, which is a worry for the local government.


Nevertheless, the economy is performing well. Two-way trade in 2006 reached an all time high of US\$286 billion, the economy grew at the predicted 6 per cent and the stock market is up by 16 per cent in the year to date. Though the current Prime Minister Abdullah Badawi does not need to call an election until March 2009, most commentators expect that an election will be held in late 2008, by which time Badawi can expect to see positive results from the Ninth Malaysia Plan that contains a number of high profile projects on which he has staked his political future.



The government has pursued an expansionary fiscal policy in recent years in order to offset any negative impact on the domestic economy from global economic uncertainties and potentially weak global demand. The Central Bank forecasts real GDP growth of 5.5 per cent in 2007. The government's Ninth Malaysia Plan will continue with a proactive economic policy, promoting structural and financial reforms and will gradually reduce the privileges enjoyed by the Bumiputra (Malays and other indigenous groups). Islam is the official religion, but Buddhism, Hinduism, Christianity and other religions are practiced freely. That said, the issue of Islamisation is a central theme in Malaysia. Non-Muslims, who make up approximately 40 per cent of the population, have become increasingly concerned about the erosion of the separation between state and religion.

Seventeen Irish companies have established operations in Malaysia as of February 2007. While most of these offices are small sales/marketing operations, Kerry Food Ingredients has invested substantially in manufacturing operations in three locations, Kuala Lumpur, Johor Baru and Penang.

In 2005, Ireland's two-way trade with Malaysia was €1,116 million with exports at €556 million and imports at €560 million. On both sides, these figures were dominated by sales by multinationals. In 2005, exports by Enterprise Ireland clients grew by 28.4 per cent to reach a modest €61.0 m. Education services represent 25 per cent of sales by EI clients, with food and drink accounting for 18 per cent. Other internationally traded services (mostly software) account for 35 per cent of exports by Irish companies. Electronics represents 15 per cent of the total.

Traditionally, education links between Ireland and Malaysia have revolved around the medical education sector; however, Enterprise Ireland's office in Kuala Lumpur is now in the process of broadening the links to include other disciplines, and this will be a main focus of activities in 2007. 

For further information about doing business in Malaysia, contact Terry McParland, EI Manager for Malaysia, Thailand, Vietnam, and Indonesia. Tel +60 3 21640618, email terry.mcparland@enterprise-ireland.com.

OTHER AREAS OF POTENTIAL OPPORTUNITY FOR IRISH COMPANIES IN MALAYSIA INCLUDE THE FOLLOWING:

INFORMATION AND COMMUNICATIONS TECHNOLOGY:

As Malaysia moves to a 'knowledge economy', there are opportunities for Irish companies in all sub-sectors of the ICT sector.

TELECOMS APPLICATIONS:

As Malaysia operates on the GSM system and invests heavily in infrastructure, Irish companies are finding opportunities for products that they have launched in other markets.

E-BUSINESS AND E-LEARNING:

The government recognises the importance of investing in e-business and e-learning and, as these sectors grow, Irish companies are becoming more interested in the local market.

FINANCIAL SOFTWARE:

The Malaysian banking sector is experiencing many mergers under a government policy to reduce the main banks from 11 to 4 by 2007. There are opportunities for Irish companies to provide solutions in areas such as customer and product management, back office operations, integration, credit card transactions.

ELECTRONIC SUB-SUPPLY:

Many large multinational corporations, e.g. Intel, Dell, Hewlett Packard have manufacturing operations located in Penang. Irish companies that supply MNCs in Ireland can target this sector. However, it may be necessary to establish a local presence to provide a just-in-time service.

ENGINEERING AND CONSTRUCTION:

The government continues to upgrade its infrastructure to accommodate the development of the economy and a number of Irish companies have availed of the opportunities presented. In particular, ESB International and DATAC have been active in the infrastructure sectors.