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Teras seeking to help Bumi companies expand abroad

SUCCESSFUL: We should look at cross-border collaboration which can be enhanced in two ways

In a span of five years, Teraju's flagship programme, designed to identify high-performing Bumiputera companies and help them expand to meet future challenges and opportunities, has shown encouraging success.

Launched in 2011, the High-Performing Bumiputera Companies (Teras) programme gives participating companies access to new business opportunities, funding, talent supply as well as coordination of ancillary business advisory services from government agencies.

Most of Teras companies today are doing well.



Based on a preliminary report from a survey conducted by an international consultant, 74 per cent of the 842 Bumiputera companies surveyed, responded and have validated the success of this programme. It also identified areas for improvement, which will be brought forward to the Bumiputera Economic Action Council for further action.

Of the 626 Bumi companies surveyed, 241 of them indicated they wanted to go for listing. Out of these, 41 have the necessary annual profit requirement. This is an encouraging number.

The Bumiputera Equity Financing Fund (S.I.B), set up to help Bumiputera companies list on the stock exchange, has seen the collective market capitalisation of these listed entities increase from RM1 billion to RM5 billion under Teraju.

It will help them be better cap-

italised, encourage mergers and acquisitions, and strengthen their governance structures as they seek to meet the strict criteria necessary for initial public offerings (IPOs).

In this respect, the recent announcement by Bursa Malaysia of plans to establish a dedicated market for listing of small- and medium-sized enterprises (SMEs) is timely.

Once listed, these companies will generate the interest of small investors. It is my wish to see institutional investors like Permodalan Nasional Bhd, the Employees Provident Fund, Lembaga Tabung Angkatan Tentera, Tabung Haji and Retirement Fund Incorporated (KWAP) take advantage of this new market.

The survey also showed that 26 per cent of the companies were involved in exporting.

For the next wave, Teraju wants to help these companies expand their

products outside Malaysia, not just by selling physical products alone, but also exporting professional services and servicing the market. To do this, they will need to build up their capacity.

While new trade arrangements like the Trans Pacific Partnership (TPP) Agreement lie on the horizon, globalisation is real and here, particularly in the Asean market. We should look at cross-border collaboration which can be enhanced two ways — private-to-private sector, or at the government agency level.

When it comes to cross-border collaboration, each has its strengths — Indonesia has the market size, Thailand has its auto parts industry, Singapore has its financial sector and the Philippines has its agriculture. We should work together in alliances.

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Every agency should have its own Teras

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Domestically, the private sector has to be strengthened further. The government can look at the effectiveness of current programmes. Access to financing is also important, and development banks can do more, so, too, the government-linked companies (GLCs).

Given that situation, our flagship Teras programme must be preserved, and its successful model emulated by other agencies, to broaden our pool of strong companies.

Every agency should have its own Teras, all using one system to screen companies. In that way we have the same set of criteria and processes to take stock, review and strengthen our corporate sector.

We have done it for five years, and can see the vast multiplier impact and effectiveness of this programme. We have developed the core, and now is the time to embark on this path on a bigger scale.

We must be better at steering the direction of where investments must

go, what we want to incentivise, who we should assist, and how.

Moving forward, I would like to see more agencies and the government using Teras as its core. They can call it by different names, as long as they adopt a similar system of screening the right companies who would benefit from assistance and guidance.

It would be similar to when you purchase personal computers and laptops — what is important is the core engine, and the familiar "Intel Inside" logo. When dealing with companies, there should be confidence in knowing they have "Teras Inside".

Despite the Bumiputera Agenda being a national agenda, Bumiputeras must understand that the key to their success is raising competencies and competitiveness, which would enable them to thrive with efficient government facilitation.

Readers are welcomed to submit their thoughts and/or questions via husni_salleh@teraju.gov.my



Representatives of Teraju and RHB Islamic Bank during a signing ceremony. Teras Fund was created to facilitate business expansion under the High-Performing Bumiputera Companies (Teras) programme.