

Malaysia's version of Google!

Led by three young entrepreneurs, public-listed manufacturer ViTrox has ambitions to become a big name in the high-tech world in Penang



by Ian McIntyre

THE first thing a visitor sees on entering Penang-based ViTrox Corp Bhd is the games that litter its factory grounds. And there is a spectacular view of the Sultan Abdul

Halim Muadzam Shah Bridge (Second Penang Bridge) in the background.

There are ping-pong tables, chess sets, a karaoke room and an area for corporate social responsibility (CSR) activities.

Another striking impression is the majority of its 350 employees is relatively young, with president and CEO Chu Jenn Wang only in his mid-40s.

Chu is at the head of a company some may describe as a smaller version of the world's leading tech firm - Google!

For one, its offices are modelled after Google's - less stressful working conditions with the aim of getting the highest productivity from its relatively young workforce.

Secondly, a people-oriented programme tailored to retaining workers rather than losing them in the highly-competitive electrical and electronics sector (E&E). And thirdly, a drive for innovation and producing original equipment manufacturing (OEM) devices - for which Malaysian manufacturers are not renowned.

"We spend about 15% of our revenue on research and development [R&D] every year," Chu says.

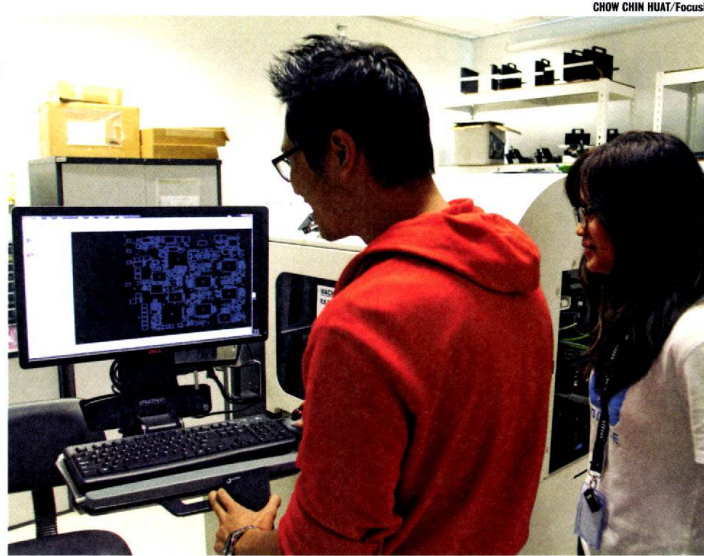
Today, ViTrox is one of the world's leading automated machine vision-inspection solution providers with an extensive customer base in the Asia-Pacific, Europe, Brazil, Mexico and the US.

ViTrox designs and manufactures automated vision-inspection equipment and system-on-chip-embedded electronics devices for the semiconductor and electronics assembly industries.

ViTrox has three core product portfolios - a machine vision system (MVS), an automated board inspection (ABI) and an electronics communication system (ECS) - serving diverse market segments.

Innovation

Chu tells *FocusM* the company launches a product every six months, ranging from an app for smartphones such as one that can measure heartbeats via a camera to advanced X-ray inspection for electronics-assembly industries.



Some of the workers at ViTrox



Chu says ViTrox launches a product every six months

The app is called What's My Heart-Rate and it is available for free download via the Android-powered Google Play and the App Store from Apple.

This year, Chu is optimistic ViTrox can perform better as its new products are gaining acceptance from big players - multi-national corporations (MNCs).

Its performance will also be boosted by the declining ringgit, which makes its products more globally competitive.

Good times

Analysts expect the company to chalk up a double-digit growth in sales this year based on a healthy industry outlook and ViTrox's long-term plans. They also like the company's focus on talent development, product innovation and market expansion as well as the strengthening US dollar.

Despite concerns about the macro economy due to an impact on its staffers from the Goods and Services Tax (GST), Chu says export-orientated manufacturers can expect a greater demand for their goods due to a cheaper ringgit.

Kenanga Research has a buy call on the counter with a fair value of RM3.84, as it believes ViTrox is well-positioned to ride the wave of global market demand.

The counter closed at RM3.59 on April 14 - more than 50% higher than at the start of this year. It closed at RM2.27 on Dec 31 last year.

For the financial year ended Dec 31, 2014, the company's net profit jumped more than 100% to RM49.11 mil from RM24.06 mil in the previous year, on a much higher revenue of RM170 mil. Earnings per share rose to 21.1 sen.

Aside from this impressive performance, ViTrox is at zero gearing with

a strong cashflow of RM61 mil as of end-2014.

Now in its 15th year of operation, ViTrox is a typical Malaysian success story of hard work, foresight and entrepreneurship.

But ViTrox also stands out for innovation in a company founded by Seremban-born Chu and two Penangites - Steven Siaw Kok Tong and Yeoh Shih Hoong - who are both executive directors.

The three have one thing in common - their alma mater is Universiti Sains Malaysia (USM). They graduated in the fields of engineering and computer science.

Their company, of which they control 59%, made its debut on Bursa Malaysia Securities Bhd in 2005, and has gone from strength to strength.

ViTrox recently acquired land in the Batu Kawan Industrial Park for RM34.2 mil for a ViTrox Campus 2.0 to complement its innovation centre in Bayan Lepas.

Phase One will start early in the second half of this year and is scheduled for completion by early 2017.

Revealing its plans, Chu says ViTrox needs to focus on R&D because it can provide better long-term returns, adding any Malaysian company, particularly an SME, must move through the value chain.

About 80% of ViTrox's products is exported, mainly to China, Taiwan, the US, Mexico and Brazil, he adds. Most of its products comprise sophisticated and complex optical, X-ray and 3D-imaging modules, of which some qualify for intellectual property rights.

"We produce advanced optical and X-ray inspection equipment to detect and eliminate defects on semiconductors. There is a sense of

pride when it is stamped with a Made in Malaysia mark."

Given the competitive nature of the company's business, Chu says, ViTrox cannot rest on its laurels and is making an effort to participate in trade exhibitions and conferences, like the Semicon Southeast Asia trade show in Penang later this month.

The Penang trade show is a semiconductor showcase connecting decision-makers in leading and emerging semiconductor companies with important stakeholders from the region and the world.

ViTrox plans to take six booths to promote its products.

Challenges for the Penang-based outfit

Chu sees finding the right talent as a major obstacle in steering the company in the right direction, despite higher salaries.

The company requires specialisation but those with such skills are being lured away with bigger packages.

ViTrox is also embarking on a CSR programme, providing training and development for those keen to embark on careers in the industry.

His company contributes to the Penang Science Council and provides advice about producing skilled workers. It also collaborates with institutions of higher learning.

And it works with MNC clients such as Intel, Advanced Micro Devices, ASE, Flextronics and Jabil to ensure the Penang workforce is adequately trained.

Chu says there is a need to emulate what Japan, South Korea and Taiwan are doing for their labour markets in terms of developing human capital and forging an innovative and creative outlook.

For this, ViTrox is allocating a big sum to retrain and motivate its workforce to compete globally.

Chu incorporates the old American "can-do" and "trust and respect" management mentality as a founding principle, having worked in HP Corp.

"HP started in a garage," he points out.

Surely ViTrox can emulate some elements of American entrepreneurship in its quest to grow, he says.

The company's order book is increasing, with RM15 mil-RM17 mil in vision-inspection equipment committed for export.

For Chu, it is a good incentive if a local company can be compared with an imposing global giant such as Google!

It serves to motivate him more. *FocusM*



ViTrox's heart rate reading app on a smartphone