

A new tech park for small businesses

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Growing together: (from left) Chuah, Chu and PAC director Goh Kheng Sneah holding the plans for the SME tech park.

The park will form an automation cluster and is expected to draw in more foreign investment into the Batu Kawan area.

A NEW technology park to house SMEs in the automation industry is taking shape in Batu Kawan, Penang.

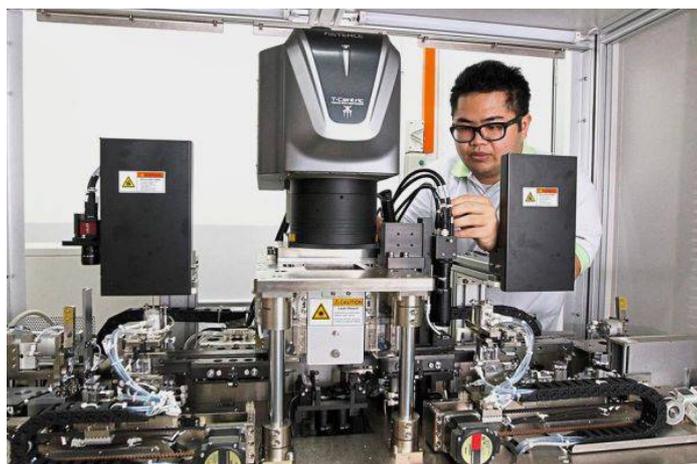
The park, estimated to cost some RM63mil, will be developed by Penang Automation Cluster Sdn Bhd (PAC) and will form an ecosystem of SMEs that will cater to the needs of PAC as well as the wider automation market.

“The SMEs in the park will produce for the needs of PAC investors. We will generate over 50% of the business for the SMEs, who will receive coaching and training from us to also provide quality products and services to large automation companies and multinational corporations (MNCs),” says PAC director Chuah Choon Bin.

PAC is owned by two public-listed companies, Vitrox Corp Bhd and Pentamaster Corp Bhd, which holds a 35% stake each, and Walta Engineering Sdn Bhd, which holds the remaining 30% of PAC.

According to Chuah, the technology park was necessary as existing fabrication companies are currently scattered in different locations, making it difficult for them to collaborate to win more businesses.

“There isn’t any reliable standard of measurement now to gauge the quality and consistency of services and products provided by the SMEs. This has resulted in wastage and inefficient employment of resources in SMEs supporting the large companies and MNCs,” he explains. The park is scheduled for completion in the second half of 2019 and would accommodate 18 SMEs.



Forming an ecosystem: SMEs in the tech park will be groomed to provide services to PAC investors, local large companies and MNC s.

The SMEs are currently being shortlisted for the park.

Under the technology park scheme, qualified SMEs will be able to rent the units at a lower rate for the first five years.

The rental rate is fixed at RM1.50psf for the first three years and will increase by 10% every two years. PAC chairman Chu Jenn Weng, who is also Vitrox chief executive officer, says RM23mil of the cost of the park will come from Vitrox, Pentamaster and Walta Engineering.

“The remaining RM40mil will come from the investment of the 18 SME companies for machinery and equipment,” he adds.

Chu estimates that the 18 SMEs could collectively achieve more than RM118mil in revenue by 2021, which would work out to about RM6.5mil per company.

In the initial phase, SMEs located in the park will supply metal fabrication, tooling and machining products as well as provide finishing and coating services to large automation companies and MNCs.

Subsequent activities at the park will revolve around technological design, research, value-added engineering development, metrology shared services, three-dimensional prototyping, smart manufacturing system and technical training.

The focus of the automation cluster companies will be in the area of design, development and manufacturing of high precision metal fabrication components, modules and systems for semiconductor, electronics, automotive, aerospace and other high-growth industries in the region.

Chuch notes that the establishment of the park will attract more foreign direct investments into Batu Kawan.

Chuah, who is also Pentamaster executive chairman, says the global automation market is expected to exceed US\$350bil in 2020.

From 2015 to 2020, the focus of the automation industry is on factory automation, flexible factory robots, automated industrial vehicles and three-dimensional prototyping.

“During this period, the automation industry is projected to grow at 22.5%.

“Beyond 2020, the focus of automation will be on healthcare monitoring, automated cars, intelligent homes and three-dimensional product printing.

“By 2021, the local automation companies here are projected to generate collectively about RM980mil of sales, creating spillover effects of RM118mil to the SME cluster. It should create 500 jobs by 2021,” Chuah says.

Vitrox and Pentamaster, which started out as SMEs themselves, have come a long way from their early days. Today, they are setting up building blocks and paving the way for other SMEs to grow and thrive through the park.

Vitrox serves more than 300 customers from various sectors including semiconductor outsourced assembly and test (OSAT) companies, printed circuit board manufacturers, electronic assemblies companies, original equipment manufacturers (OEM), original design manufacturers (ODM), electronics manufacturing services (EMS) providers and contract manufacturers (CM) around the world.

Pentamaster, an automation solutions and service provider, was established in 1991 to provide advanced automation manufacturing and technology solutions and services for the semiconductor, automotive and medical device industries.

Walta provides a wide range of innovative engineering solutions for the hard disk drive, pharmaceutical and medical devices, toys, semiconductor and electrical and electronics industries. The company's services include the fabrication of high precision machining components, design and assembly of jigs and fixtures, manufacturing of automated and semi-automated machinery and equipment as well as design, assembly and installation of the computerised automation systems.

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