

Cover Story: Co-founders reflect on building an industry leader

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(From left) Chu, Siaw and Yeoh in October 2011, when ViTrox officially moved into its four-storey block at Campus 1.0

IT is astonishing to think how far ViTrox Corp Bhd has come since it was founded in 1998, from Chu Jenn Weng's 100 sq ft rented bedroom in Sungai Dua, Penang. Then 28, he had just quit his job as a specialist engineer at Hewlett-Packard (M) Sdn Bhd and, with his university mate and co-worker Steven Siaw Kok Tong, started a company with only RM20,000 borrowed from family and friends.

Former intern Yeoh Shih Hoong subsequently came on board. And in 2000, ViTrox was officially established. Today, Chu is the group's managing director and single largest shareholder with a 26.9% stake while Siaw and Yeoh sit on the board as executive directors and executive vice-presidents, with 19.09% and 10.25% equity interest respectively.

With a towering ambition to bring about a positive impact on the world, the trio have grown ViTrox into an industry leader in machine vision technology. Now headquartered at the Batu Kawan Industrial Park with a built-up area of 450,000 sq ft, the company is one of the country's largest automated test equipment (ATE) manufacturers, with a market capitalisation of more than RM7 billion, as well as one of the most profitable semiconductor-related firms in Malaysia.

Here is an excerpt from The Edge's two-hour exclusive interview with the co-founders.

The Edge: It has been more than three years since our last interview on the corporate developments at ViTrox. How have things been?

Chu Jenn Weng: Part of the reason I agreed to do this interview is because we hope to inspire more local technology companies with what we have done over the years, and also what we will be doing in the coming years. It really isn't much about financial numbers and all that. It's more about our core values, our culture, our purpose, as well as our vision and mission. We want to make a positive, lasting impact on the world. We want to be a conscious company.

Today, ViTrox is just one step closer to realising our vision of being the most trusted technology company in the world. We are extremely grateful for being here at the right time and in the right industry when the world is experiencing the Fourth Industrial Revolution. We have managed to ride the megatrend of our time.

I understand there are three major milestones that inspired you to become who you are today. First, it was that second-hand Pentax camera that was given to you by your mum in 1990. Second, it was a camera mounted on a machine in the HP production plant. And finally, it was that trip to the HP Garage in 1995. How has your corporate journey been?

Chu: The entrepreneur journey has been amazing. I still feel fresh and energetic today. I think ViTrox, as a bigger local tech company now, has the obligation to do more for our country, our planet and generations to come. It's a never-ending journey and we will continue to uphold our original motivation and conviction in building a great tech company.

However, the success of ViTrox is not because of me alone, but a team of highly dedicated and committed ViTroxians who believe in our vision, and we work relentlessly towards the vision that we set together. I am grateful for the opportunity to work with so many amazing people, accomplished many impossible missions through strong conviction, determination, perseverance, and hard work. We walk the talk and live up to our core values.

My co-founders Steven and Shih Hoong have given me unreserved support, tolerance and [have made many] sacrifices in the last 20 years. Without the selfless support from them and all the dedicated ViTroxians, we would not have been able to achieve what we have today.

You and Steven used to work at HP in the machine vision group. Why did you guys decide to leave a high-paying job at a multinational corporation (MNC) and start a business? Back then, were you guys taking a career risk?

Chu: Steven and I were young at the time. Although we had a good job working at an MNC with good lives as well, we thought we could do better and create a better future. Since we were young, we were willing to take risks, knowing that if we failed, we could still go back to the corporate world. So, we used our savings and borrowed some money from family and friends to start our business from my bedroom.

Steven Siaw Kok Tong: We took calculated risks, preparing ourselves for the worst-case scenario if our venture did not work out well. Opportunities were presented to us to work on some projects with local customers, and without much hesitation, we took the leap of faith to work on them. It is a classic case study of 'opportunity meeting preparation', resulting in favourable outcomes and results. Facing many unknown challenges and uncertainties then, our progress was very much driven by our strong conviction, faith and belief that we could make this happen and be successful; taking one step at a time. Meanwhile, being a new entrant and solutions provider in this market, we were constantly mindful and humble. We maintained an open and growth mindset to learn from our customers and competitors to become better.

Being a small local supplier in the early days, how did ViTrox compete with the big boys from Japan, Europe and the US?

Chu: We had very limited resources and capabilities. We could only offer what we had — a working solution that was much cheaper than that of overseas suppliers. We provided free software customisation, prompt service and support whenever and wherever needed. Even until today, we still go the extra mile to serve our customers, so that they can use our system to win more orders. We conduct our business with uncompromised integrity and focus on long-term success, rather than short-term financial gain. We are willing to sacrifice and do what our competitors don't do.

Yeoh Shih Hoong: By being naive and taking in the feedback as it was, we improved the software accordingly, fixed bugs as they popped up, anytime and anywhere, free of charge. Eventually, we were not that far from the big boys, and the customers loved us. We do not charge our customers unreasonably, and we have been focusing on 'getting the job done' rather than 'profitability'. Sometimes, we even lose money just to get the job done. Again, the key thing here is that if our customers can use our vision system to win more orders, they will continue to buy more from us in the future.

On the corporate front, how do you see Vitrox in the next three to five years? What's next for the company? What is the ultimate goal that ViTrox wishes to accomplish?

Siaw: The next big thing for us is the application of technology for the betterment of humanity and mankind. We are talking about artificial intelligence (AI), robotics and autonomous and predictive decision-making systems. With our inspection and sensing capabilities and, more importantly, with the goal of improving productivity and minimising production waste due to quality issues, ViTrox will continue to support and adopt the environmental, social and corporate governance (ESG) initiatives and best practices. The way I see it, applications will no longer be confined to electronics manufacturing, but also encompass other industries such as agritech and medical.

ViTrox is already one of the largest ATE manufacturers and semiconductor-related firms in the country. Many investors must be wondering, how much further can the company grow, really?

Chu: ViTrox will not be heading towards the sole direction of ATE. Perhaps two or three business units of ours will focus on ATE and be the best in the world. But as a group, we want to move up the value chain, be an innovative technology company, and we want to use technology and equipment to expand into other areas such as precision smart farming (see accompanying story). As long as we can make a positive contribution to the world, we will go.

Today, we have 600 customers, none of which contribute more than 10% of our revenue. As a local company, our customer base is quite well diversified. Besides, in terms of market segments, we do not serve only the semiconductor sector. So, when one industry is experiencing a down cycle, it will be mitigated by another industry that is experiencing an up cycle.

American semiconductor manufacturing equipment giant Applied Materials Inc has a market capitalisation of US\$124 billion (RM520 billion), while Dutch-based chip-making equipment manufacturer ASML Holding NV is valued at €250 billion (RM1.2 trillion). Do you foresee ViTrox becoming as big as them one day?

Chu: Frankly, I don't have a straight answer. Maybe we can, maybe we can't. But these equipment giants are serving the extremely niche and high-end markets. To be as big as them, we would need to have a lot of talents and resources. I don't think Malaysia has the ecosystem for local companies to be as great as them. They have so many talents, so many PhDs, so much experience to reach that level. We want to dream big, but we also have to be realistic.

Looking at the global industry prospects, what are the market opportunities and challenges in the coming years? Over the years, we have been talking about AI, 5G, the Internet of Things, cloud computing and

autonomous and electric vehicles. What are ViTrox's strategies and plans to soar to new heights?

Siaw: We are continually gearing our solutions towards addressing the application needs of these industry trends in the coming years. Our relentless focus and investments in R&D enable us to stay ahead of the curve by launching leading-edge inspection solutions that cater for new product form factors, stringent requirements and complexities that are inherent in these new applications. This strategy has enabled us to win new market share and enhance customers' confidence to partner with us on a long-term basis in their new product development and mass production.

Is ViTrox actively looking at mergers and acquisitions (M&A)? Or will the company focus on organic growth?

Yeoh: We are still looking for a good M&A opportunity. Our primary focus is still on organic growth, but we will not eliminate the possibility of M&A when good opportunities arise. We have to look at various aspects, such as synergy, management team, culture and investments. ViTrox hopes to lead by example. If we can have 1,000 or even 10,000 companies like us one day in the future, I believe our country will be self-sustaining by then.

Can you share with us ViTrox's 10-year expansion master plan?

Chu: We want to increase the floor space from 450,000 sq ft to more than two million to three million sq ft in the next 10 years. We intend to invest more than RM2 billion in the next 10 years. We also hope to increase our workforce from less than 1,000 currently to about 3,000 to 5,000 in the next five years.

We also plan to set up an Institution of Technology or a university that is people-oriented and emphasises work-based and practical learning. We want to produce talents who are creative, energetic and kind-hearted, who are competent and willing to work relentlessly to solve the world's problems.

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