UNIVERSITI PUTRA MALAYSIA

DSW SOLUTIONS SDN BHD - CHALLENGES FOR A SMALL & MEDIUM SIZE ENTERPRISE (SME) IT COMPANY IN THE MALAYSIAN ENVIRONMENT

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PART A

CASE TEXT

PRIVATE AND CONFIDENTIAL

Mat Zahari bin Mohd Yassin
7.07, Wisma Central
Jalan Ampang
Kuala Lumpur.

Date: 15th October, 1997

Dear ***Tuan Haji Yusof Mohamad***

Subject: Intention to withdraw from active duties

Assalamualaikum warahmatullahi wabarakatuh.

It is with much regret that I have to make this decision to withdraw from active duties in DSW Solutions Sdn Bhd and its group of companies.

It has been more than 16 months since we started the operations of DSW Solutions Sdn Bhd and it appears very unlikely that we are going to achieve our break-even point in the business over the next 8 months. I've made it very clear that 1997 will be the year of stability before we plan for expansion in 1998. I also mentioned that for any IT related business, the company must reach stability between 18 to 24 months otherwise something is very wrong.

With due respect, we have not reached 24 months of operations but I strongly feel that given the right choice of candidate for the post of CEO, it is not too late for this person to drive the business aggressively and achieve stability within 24 months of operations. This person may need the available 7 to 8 months to achieve the expected target and the sooner you identify and appoint this person, the better it will be for the company.

It is most unfortunate that the three ICR base projects that we have been concentrating on have not materialised. One is lost, one stalled while the third still not decided. I feel we have reasonable chance in BPP, we may be able to move the stalled EPF project and perhaps reactivate LHDN. The opportunities in banking is good and should be explored. However, all resources available should be geared towards achieving these targets.

As for the other business areas i.e. Warehousing, Telco and Systems Integration (including supply of hardware and system software), it will take sometime before the actual revenue starts to come in.

The culture that I have promoted and nurtured in the company is based on Islamic values of 'amanah dan ikhlas'. Even though we have not fully achieved this culture identity and practice, it has been well accepted and adopted among the senior staff and is rapidly creeping down to the lowest level. Adopt the management principles and practices of the west if we must but only through developing and nurturing Islamic value culture can we expect selfless sacrifice from our staff. The company in return must also adhere to similar Islamic values in its dealings. The west will always maintain "there are no free lunches".

Anyway, these are just my thoughts but they should only be used as food for thoughts for the next person who will be taking charge. I would like to ensure continuity in the company and I am seriously considering 31st December, 1997 as the effective date for me to withdraw. I may, reluctantly consider at most a further 3 months to ensure a smooth take over by the next person.

As for me, I do not have any plans yet. However, as you are well aware, both my wife and I need to sought out our financial situations. We will have 4 school going children (including one in kindergarten) in 1998 and the need to sought out my financial status is now my primary concern. I have deferred and pass over opportunities to clear my financial standing long enough in order to fulfil my promise, commitment and obligations but I believe I have reached the end of the road where I can no longer contribute effectively to support your vision.

I do not expect this withdrawal to come as a major surprise to you as over the months and years even before the days of DSW Sdn Bhd and during the days of DSW Solutions Sdn Bhd, I have constantly reminded you that the time will come when I have to put the priority of settling my financial situation at it rightful place i.e. the highest. By not addressing this problem, it has placed tremendous pressure and tension on me and my wife both psychologically and physically. We have missed the simple pleasure of having something under our name and at 40, I am seriously planning to perform the Haj because I strongly feel that the money to perform the Haj should go towards settling my debts first.

I believe and subscribe completely to the fact that rezeki comes from ALLAH and I am sure my family and I will be able to survive and overcome our present set back. It is just a question of time but I do anticipate that we will have to go through very severe and tough times. I guess this is the only way to get out of our present financial mess i.e. by facing the problem head on rather than ignoring them by simply putting them aside.

I take this opportunity to thank you for providing me with so much support during my time of need especially when I was trying to find my footing and to rebuild my confidence after a major disaster and I also thank you for giving me your trust to spearhead your business vision in DSW Solutions Sdn Bhd. May Allah repay your kindness to me and my family.

Thank you very much.

Warm regards,

Mat Zahari Mohd Yassin

Note: It is in my opinion that Firdaus is the best candidate for the CEO job but with a proper technical team to support him.

This letter was written and given to Haji Yusof by Mat Zahari after he had undergone three months of contemplation, self doubt and uncertainty about his decision to leave the company. The only persons that he had talked to were his wife and his personal assistant, Naj Muddin. One of Mat Zahari's primary concern was that he did not want the other staffs to resign as well after him. He was aware that some of them had joined DSW Solutions Sdn Bhd due to his recommendation. And, they had worked as a team.

Naj Muddin was requested by Mat Zahari to hand over the letter to Haji Yusof. At first instance, Naj Muddin hesitated because he too was concerned about the interest of the others. He decided to tell Firdaus first about this matter because he felt that Firdaus was the person who could possibly resolved the matter. After reading the letter, Firdaus promised Nai Muddin that he would talk to Mat Zahari and find a resolution to this matter.

That weekend, Haji Yusof came to Firdaus's apartment. He showed Firdaus the letter from Mat Zahari. Firdaus told his father that he had been given a copy of the letter by Naj Muddin. Firdaus asked his father for his opinion on this matter. He said,

"You have to tell Fadil about this letter and ask him whether they want to do a management buy out with the terms laid down in my note."

Haji Yusof handed over a piece of note which contained the terms for a management buy out. The terms centred around the take-over of the Information Capture, Retrieval and Archival operations which also include the microfilming unit and the term loan from MBf Finance Bhd plus the leasing facilities of the microfilming equipment from MBf Finance Bhd and Wilayah Leasing Sdn Bhd. Also included was the take-over of the equipment for the Automatic Data Capture Project for the Employees Provident Fund (EPF) where the company still owed the principal supplier CGK Computer Gesellschaft approximately DM280,000.00 and TSI Integrators Sdn Bhd almost RM200,000.00.

Haji Yusof asked Firdaus, *"Do you think Mat Zahari will buy over the operation?"*

"I don't think Mat Zahari and Fadil want to take-over the operations. They are good in operation matters but they will encounter difficulties in financing the operations", said Firdaus.

"Let's just show that we want to give them a chance. And, when you have the time why don't you meet Puan Zaharah of Bahagian Pinjaman Perumahan (BPP) and propose to her to buy over the operations. Our friend, Uncle Saedon, knows the Managing Director of the company which is taking over BPP from the government. And, I know the executive director quite well. It's difficult doing business without money and if we have a million dollar, people will come to us and many opportunities will open up", said Haji Yusof.

Firdaus thought about his father's remarks. He said to his father, *"I've never thought about it that way before. To me, I've always think about keeping focus and grow the business. Well, the situations that we are faced with are quite difficult, we don't have sufficient business to cover our overhead and the economic slow down had caused many of our potential business to delay in their decision making."*

"How much longer can we maintain with the existing reserves?" asked Haji Yusof.

Replying to the question, Firdaus said, *"Well, I think, it will be just enough until December."*

"It's very important we try to sell-off the operation so that we can make some money. Then, we can try to set-up a software house. If we have to employ people from India, we do so. Right now, I don't have any more money, Firdaus", said Haji Yusof.

"Alright, I'll try my best", said Firdaus.

After his father left his apartment, Firdaus sat down alone and thought about the conversation he just had with his father. His father's idea about selling off the operation to make some money was a far-fetch one. His main concern at the moment was the present situation of the company which had a direct bearing to his own credibility as a person, shareholder and director of the company . He assumed that his father had also considered about this since this would also affect his father's plans. He also need to consider the interest of the staffs. How long can the business be salvaged under the present condition in the company as well as in Malaysia?

Historical Background

DSW Solutions Sdn Bhd was officially incorporated on the 15th of October, 1981. It was then named MYMOYY Sdn Bhd. It started off being a RM2.00 paid-up company. The founder, Yusof Mohamad, had intended that this company would be run as a family business and to be passed over to the children when the right time would come. Initially, it operated as an investment holding company. Yusof Mohamad also had other interest in other companies.

At that time, many Malay businessmen had the privileged of banking facilities and incentives from the Government because not many Malay entrepreneurs were around then. Yusof Mohamad was one of those few people who were able to get viable contracts and profitable ventures. Throughout the early 1980s, he benefited from the many awards of construction projects and property development ventures. One could say that he became a rich man overnight.

When recession came in the middle of the 80s, the various companies he managed suffered heavy losses and many projects and ventures were abandoned. There were floodgates of law suits from creditors and the banks. Not being able to settle all debts, he could not shield himself from bankruptcy proceedings.

When recession came in the middle of the 80s, the various companies he managed suffered heavy losses and many projects and ventures were abandoned. There were floodgates of law suits from creditors and the banks. Not being able to settle all debts, he could not shield himself from bankruptcy proceedings.

During the recession in the late 1980s and until 1992, he relentlessly continued his pursuit in business. Twice the company changed its name. The first time, from MYMOYY Sdn Bhd, it was changed to HA & RY Sdn Bhd. Two new shareholders came in and the company had some dealings in construction, property development and timber but nothing sustainable did materialised. From HA & RY Sdn Bhd, it became KJK Utama Sdn Bhd. During this time, the Government had called for the development of the manufacturing sector. KJK Utama tried to venture into handicraft manufacturing but this also was short-lived.

In 1992, Yusof Mohamad called his son, Firdaus, who had just graduated from a university majoring in Economics to join him and continue the vision of making the family business a success. He felt it was the right time to do so because he was able to get an out-of-court settlement from one of his debtors in the form of an office lot in Wisma Central with a space of approximately 2,874 square feet. At this point also, Yusof Mohamad managed to acquire a small manufacturing outfit called K'zan Industries Sdn Bhd which was involved in the processing of chilli and tomato sauce.

Kaizan Industries Sdn Bhd

K'zan Industries Sdn Bhd was incorporated in Mei 1991. There were four shareholders, Kamal, Zolkifli, Azmi and Naj Muddin, and originally all four became the directors of the company. Kamal and Zolkifli had the experience in the production of chilli and tomato sauce and cordials before the formation of this company in a company owned by a relative. Naj Muddin had undergone an Entrepreneur Development Program organised by Majlis Amanah Rakyat (MARA) which had the aim of developing university graduates to become entrepreneurs. This came at the time of recession in the 1986 when university graduates were unable to find employment. Naj Muddin did his practical training for this program at the company owned by the relative of his two friends. Thus, he modelled his working paper on the operation of chilli and tomato sauce and cordials production.

When he qualified from this program, he was given machinery and equipment for the production of the above by KEMAS which was given under a special fund for Bumiputra entrepreneurs. Together with Azmi, they formed this company and began the operation with some investments. Initially, they got to a good start by getting a contract packaging business with Besta Distributors Sdn Bhd which was the creation of the Ministry of International Trade and Industry (MITI) supposedly to help small and medium scale industries to improve production capacity and to market locally made goods internationally under the brand name of Besta.

However, after a few deliveries, the company encountered cash flow problems. Accounts payable to creditors could not be settled. One of the reasons was due to late payments by Besta Distributors Sdn Bhd which extended from the agreed terms of 60 days to 120 days or more. Production came to a stand-still. One of the people whom they approached for assistance was Mat Zahari, Kamal's and Zulkifli's distance uncle. Mat Zahari agreed that they should talk to Yusof Mohamad who was a friend.

After a few months of negotiation, they came to an agreement that KJK Utama Sdn Bhd shall take-over the management of K'zan Industries Sdn Bhd and made K'zan Industries a wholly-owned subsidiary. At this point, K'zan's operation had stopped completely. The people in the company was desperate for help and many of the staffs had gone without salaries for a few months. Yusof Mohamad managed to take-over with a small investment. Yusof Mohamad put the direction that the management should go for turnaround strategy. Among the instructions were that management staff would only be paid RM400 monthly salary. After Yusof Mohamad came back from the Haj,

him came and stayed at the shophouse where the factory was located.

The management sourced its funds from the rental revenue generated from the tenancy of the office lot in Wisma Central. Haj

monthly rental and poured some of it into the operation in K'zan Industries. To Haji Yusof , one of the reason he acquired K'zan Industries Sdn Bhd was because he wanted Firdaus to get a real life business environment where he could be exposed to the basics of business management.

Only Zolkifli out of the four previous directors remain physically in the company. The rest decided to leave except for Naj Muddin who would join the company full-time again when he could sort out his personal problems. The RM400 monthly salary was the main reason for leaving. After all, they had many dependants and could find better income elsewhere.

The new management decided to discontinue the contract with Besta Distributors Sdn Bhd. The focus was to develop the open market. In the beginning, there was only one van. This non-commercial van did all the deliveries whether within the vicinity or out-station. Purchases of raw materials had to be made on cash basis because the suppliers were worried about the company's reputation.

After a few months and with only one van, there was limited coverage of the market. So, the holding company decided to invest in additional commercial vans. Within a span of one year, the company saw an increase in their sales arm with the addition of three commercial vans. Each van had two salesmen. The marketing force grew from one to six.

The management maintained the policy that priority should be given to cash sales. Credit sales were allowed for few customers only. Payments should be in the form of cash, current cheque or post-dated cash cheque. Because of the increase in the marketing force, demand grew but production had difficulty to fill up the orders. Many times, the

production could not be co-ordinated as scheduled because daily collections were not sufficient for raw materials purchases. 80% of the raw materials still required cash terms. On the contrary, the credit given to customers grew by the day.

To speed up production, Zolkifli who was assigned as the general manager, decided to roll over on post-dated cheques for the purchases of raw materials. In the beginning, customers' post-dated cheques were used as a mode of payments to suppliers. This way was used extensively. When customers' post-dated cheques or this third-party cheques were not enough, the company's post-dated cheques were used. When sales became slow, Zolkifli decided to resort to selling trading goods manufactured by other companies.

Cash flow was not being monitored appropriately and once a cheque bounced, the rests would follow suit. This happened and the holding company had to pump in funds to cover these post-dated cheques so that the company's bank account would not close or if matter got worst, the company could be black-listed under the Bank Negara ruling on bounced cheques.

Haji Yusof tried to approach several parties who might be interested to invest in this operation but none materialised. The management decided to change the company's name to Kaizan Industries Sdn Bhd, trying to reflect the Japanese concept of *kaizen* which meant gradual but continued process of improvement and development. Later, Haji Yusof made a decision to restructure the operation, he took a dormant company of

his, DSW Sdn Bhd and put the production operation inside this company. Kaizan Industries Sdn Bhd was to focus on trading and sales.

However, the control of finance and administration were entrusted to the management in Kaizan Industries Sdn Bhd. The management of the company taking charged of production had to succumb to the authority and control of Kaizan's management. Both associate companies began to compete with each other when they were supposed to support and complement each other. Production operations were delayed, deliveries could not be met on time, production operators frequently complaint of mismanagement and late payments of salaries, suppliers' had no trust on promises made.

Firdaus tried to get into the running of business. He saw the management in Kaizan as a stumbling block and recommended that the management team be removed from their positions. He had to take over the management of the operation and acquired the support from the production side. It was decided a few months later that the production operation was reinserted back into Kaizan.

From time to time, funds from KJK Utama had to be transferred into Kaizan when cash was short, instalment payments on the vans were due or when there was shortage of funds to pay staff salaries. This when on despite many attempts to turn around the company. One of those attempts was to 'privatise' sales activities to 'independent' salesmen. The company would bill/invoice the salesmen every time they took stocks out.

They were asked to make payments on these bills/invoices. They were also responsible for the monthly van instalments and the van's petrol consumption. But, maintenance of the van, road tax and insurance were shared on the basis of 50:50 with the company.

In the beginning, the running of business was all right. The company was happy to be able to reduce much of its fixed costs and overheads. But later, because of lack of proper control and monitoring, the credit or balance outstanding against the account of these salesmen grew very large and difficult to reduce. The company relied on the salesmen but could not regulate or restrict the way they handled the end customers since they were not within the company's organisation structure/system.

In March 1996, the operation were moved out because the tenancy of the factory had expired and the shop lot's owner did not want to renew the tenancy. After some efforts in searching for a suitable location, the company decided to shift to Serendah. In Serendah, there were a few proper factory lots which was owned individually and the rental was much lower than those factory within the Klang Valley.

After the move, the operation was more a less single-handedly managed by the production manager, Naj Muddin. Haji Yusof and Firdaus had to shift their interest and concentration to the other subsidiary company, Kumpulan Duction Sdn Bhd which was unable to cope with the implementation of its microfilming contract referred to as the

ROC project worth approximately RM2.3 million. Therefore, the processing operation continued without the capability and ability for growth.

Later, Naj Muddin was absorbed into the IT operation of DSW Solutions Sdn Bhd, Firdaus recommended to sell out the operation to a group of staff. However, until today, they were unable to comply with the terms and conditions of the sale and purchase agreement even though the management had given them the opportunity to run the operation since January 1997. In the middle of 1997, Haji Yusof negotiated with a company, Brilliance Access Sdn Bhd, to appoint Kaizan Industries Sdn Bhd as the sole distributor for its product, LTM Micron-X Oil Purification System, in the government sector. Since investments for promotion and marketing activities were limited, only few sales were made.

Kumpulan Duction Sdn Bhd

This company was the second company to be acquired by KJK Utama Sdn Bhd. This happened in the middle of 1994. Kumpulan Duction was involved in the microfilm and microfilm processing business since 1991. The initial owners, Dzulkifli and Ishak, had been in this line of business which was also commonly referred to as micrographics since their working days in Kodak (Malaysia) Sdn Bhd.

Dzulkifli was experienced in marketing while Ishak were knowledgeable in the operations of microfilming and microfilm processing. They had a humble beginning with

a few staffs, microfilm equipment such as cameras and office furniture. Then, processing of microfilms was done at Kodak (Malaysia)'s laboratory. Steadily, they managed to increase the business volume. In 1993, they observed that there was a demand to microfilm documents in the size and shape similar to credit card slips. This demand came from the banking, oil industry and the financial sector because of the need to store documents for archival and retrieval purposes. Furthermore, microfilm solutions were much cheaper than higher technology solutions. To the customers, microfilming activities were cost centres and did not contribute to the generation of profits for their companies.

And, processing of microfilms, which gave good profit margin, would become more profitable if it could be done in-house. The company had difficulty in financing the purchase of equipment such as additional cameras and microfilm processing equipment because it could not comply to the requirements in loan or financing application such as to submit its past audited accounts because it had never done its audit. Furthermore, these equipment were very expensive. But, they manage to find a creditor in Wilayah Leasing Sdn Bhd, which at that time, was not strict in the compliance of loan application's requirements. So, after a couple of months, they were able to have the necessary equipment to cater for the above business.

After a few months of operation, the management found that they were not able to cover their overheads especially for the payment of instalments to Wilayah Leasing Sdn Bhd.

Even though there was business, the cash flow was not stable and constant. This resulted in the accumulation of arrears of instalments to Wilayah Leasing to the point that Wilayah Leasing had wanted to repossess the equipment. The management decided to get some help. Dzulkifli talked to Mat Zahari who was a friend since their college days at the MARA Institute of Technology. Later, Mat Zahari introduced Dzulkifli to Haji Yusof.

After a few discussions, Haji Yusof managed to borrow some money and he negotiated with the creditor to refinance the equipment. The money he borrowed was used to settle the down payment and some were injected into the company for working capital. The shareholding of the company was restructured whereby KJK Utama Sdn Bhd held 66.7 percent of the paid-up capital and 33.3 percent were held by Dzulkifli Ahmad (the person who leads the management and one of the founder) as nominee for the previous shareholders. The company's accounts since 1991 were audited.

Firdaus became the company's director together with Dzulkifli Ahmad. After that, things continue but there was not much improvements to the cash flow problems. Haji Yusof had no other money except for the rental income in Wisma Central. He felt that he could not invest any more money into Kumpulan Duction. The sums required were always big. Haji Yusof kept silent on Kumpulan Duction's cash flow problems.

For many months after that, Yusof Mohamad and Firdaus left Dzulkifli to run the company with his team. However, things changed when in September 1995, the company

managed to win a tender to microfilm backlog documents at the Registrar of Companies office. There were approximately 17,000,000 documents to microfilm and the project was worth RM2,290,092.80. The tender was under the Ministry of Domestic Trade and Consumer Affairs of Malaysia. The duration of the contract was one year. The contract was commonly addressed as the ROC project.

Dzulkifli not knowing how to finance the whole project had to call Haji Yusof for assistance. Haji Yusof then instructed Firdaus to prepare the working paper and to approach various banking and financing institutions for banking facilities. Unfortunately, Firdaus lack the experience and understanding of the banking field, all the initial approaches did not meet the banks' requirements. Rejection was mostly held on the basis that the company's past audited accounts showed little strength and there was no collateral able to be provided.

The management was faced with a critical situation to comply with the Performance Bond which was 5% out of the contract value upon acceptance of the project offer. This came to RM114,504.64. Requests for postponement had to be made several times until the Ministry gave the last opportunity to comply with a dateline on the 11th of November 1995. Haji Yusof 's and Dzulkifli's attempts to source out the funds failed. Thus, Firdaus had no choice but to ask his father-in-law, Haji Muhamad for help. Fortunately, Haji Muhamad agreed to help and after some difficulties, the company was able to deliver the Performance Bond.

Attempts to find borrowings for working capital and facilities to purchase the required equipment for the project continued but the amount received was not always sufficient. MBf Finance Bhd provided a term loan of RM120,000.00 and a leasing facility of RM275,770.00 after the contract for the project was signed with the Ministry in December 1995. But the implementation of the project still did not take off smoothly. The job was quite tedious and involved many processes. The project supervisor, Suzana lack the experience of managing such a big project.

Suzana did not see eye to eye with Dzulkifli on many things and she complained of not getting much support from Dzulkifli. Many of the workers' complaints and comments came to her but she could not get answers from the management. She felt helpless and decided to resign. Dzulkifli too did not have much experience and know-how on project management but he did not want to admit his weaknesses. He felt that the project was his prerogative. The project's momentum became slow-moving and deliveries could not be produced according to the prescribed datelines.

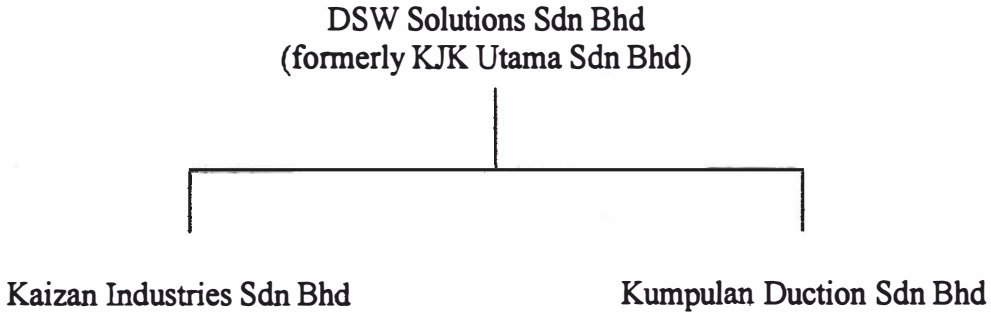
Firdaus could not help much in the operation side. But, his effort came in the form of banking facilities obtained through Malayan Banking Berhad worth RM500,000.00 under the New Principal Guarantee Scheme (NPGS) which gave the company some breath of air. This facilities came after 6 months into the project. When Haji Yusof began to intervene and showed his displeasure of how things were being run, Dzulkifli could not

take the criticisms and decided to resign. Haji Yusof decided to request the assistance of the holding company, DSW Solutions' management team to handle the project properly. Things began to improve. The team managed to produced the expected output. Efforts were made to rebuild client's confidence and trust and the surety that the project could still be completed even if the completion date had to be extended.

Even though the project manager's position changed hand many times due to the reshuffling of responsibilities and duties within DSW Solutions Sdn Bhd, there were smooth transitions of authority. Finally, the baton was passed to Yazid who was also made the General Manager of Kumpulan Duction Sdn Bhd. Ruzitah was seconded from DSW Solutions to assist him on the ROC project. When Yazid resumed the General Manager's post, old-timers like Encik Ishak and Shaliza were disgruntled. After all, they were the pioneers and they had sacrificed many things during the hard times. Shaliza decided to resign. Some of the workers followed suit. Then, Yazid came to know that Encik Ishak and Shaliza had formed their own company and tried to convince several staffs to join them. Yazid became angry and fired Encik Ishak on 24 hours notice.

Even though the ROC project's completion date of 30th December 1996 could not be met because of the initial delay of nine months, the company obtained an extension period of another three months from the Ministry. The proceeds from the ROC project were crucial in the sense that it became the investments for Haji Yusof and Mat Zahari to effect the establishment of DSW Solutions Sdn Bhd as an IT solution provider from the previous

nature of KJK Utama Sdn Bhd as a mere holding company. Subsequently, Kumpulan Duction Sdn Bhd also became a wholly-owned subsidiary of DSW Solutions Sdn Bhd.



The Venture Into Information Technology

The formation of DSW Solutions Sdn Bhd came into being because the joint venture project that Haji Yusof and Mat Zahari had tried to work on failed to materialise. In 1993, while he was still attached to ICL Computers, Mat Zahari was approached by his ex-Commercial Director in Siemens Nixdorf, Mr. Freddy De Becker, to assist Mr. De Becker in finding a local partner to enable the formation of a local set-up for Siemens to penetrate the government sector market.

Mat Zahari resorted to Haji Yusof for the search of the local partner. It took them more than two years to initiate an arrangement. Finally, after so many discussions, late nights, a few interested companies and various ways to initiate the start-up, a local company known as Mekar Idaman Sdn Bhd led by Dr. Azman Firdaus Shafii, verbally agreed to be the local investor with a 60% shareholding in the joint venture company. Siemens AG of Germany, the parent company of Siemens Nixdorf (M) Sdn Bhd would hold 30% while the balance would be reserved to Haji Yusof, Mat Zahari and the pioneer staffs of the joint venture company. Mr. De Becker had manoeuvred for Siemens AG to be involved because he did not see eye to eye on so many things with the Managing Director of Siemen Nixdorf (M) Sdn Bhd, Mr. Rolf Magruer, whom he perceived not to be a straight fellow. Siemens practised the matrix system. So, Mr. Rolf Magruer and Mr De Becker report to different bosses in Siemens AG.

Haji Yusof used a dormant company of his called DSW Sdn Bhd as the joint venture vehicle. Haji Yusof and Mat Zahari roped in Zainal to be the General Manager, Saifuddin, Rahman and Isahak as Business Managers, Fadil as Systems Engineer and Ruzitah as Systems Analyst. Firdaus was already a Director and a major shareholder of DSW Sdn Bhd. Dr. Azman and another representative of Mekar Idaman, Yusoff Bachik, were made Directors of DSW Sdn Bhd to add credibility whilst the managers bid for various government tenders.