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THE GOVERNMENT OF MALTA AND MICROSOFT AGREE TO COOPERATE IN ESTABLISHING MALTA AS A REGIONAL ICT-HUB

Austin Gatt Seals Agreement in a Meeting with Bill Gates

Austin Gatt, Minister responsible for the information society, has secured a long-term agreement with the multi-national software giant Microsoft Corporation. In a meeting with Microsoft Chairman Bill Gates, Minister Gatt discussed how Microsoft and the Government of Malta will be cooperating in rapidly transforming the island into a European ICT-jewel in the Mediterranean.

The agreement was sealed by a Memorandum of Understanding which was signed



yesterday in Paris by Minister Gatt and the President of Microsoft operations in Europe, Mr Jean Philippe Courtois. The agreement was reached following months of intensive discussions between Minister Gatt's Ministry and Microsoft. The last round of discussions was held yesterday in Paris where

Minister Gatt met Microsoft Chairman Bill Gates and Mr Courtois.

The discussions were mainly focused on the rapid expansion of the immense potential of Malta to establish itself as a regional centre of excellence for software development especially now with its privileged potential accession to the single European market. This move is expected to attract a number of independent software vendors (ISVs) to set up their operations in Malta hence contributing to the creation of more opportunities for Maltese youths in Malta.

Microsoft agreed to invest heavily in Malta and in the Maltese students and employees with a view of being a key player in the further development of the country's information society and economy. The agreement covers a number of areas of

cooperation and will be strongly contributing to the electronic vision established and developed by Minister Gatt during the last two years.

Essentially the agreement covers 11 principal areas:

1. First technology centre of excellence (TCE) in the region – local and foreign software development companies will have access to the source codes of the latest releases of Microsoft operating systems, access to the global marketing and technical support networks and a host of other related services to be able to build their applications more effectively and market them successfully.

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The TCE will be open both for local software development companies and also foreign ones. Microsoft will be putting its closest-guarded secrets in the TCE i.e. its source code and a high degree of its intellectual property. The TCE will generate wealth in real terms for Malta in two direct ways:

- a. Local software houses – if a local company succeeds to develop a product based on Microsoft products and manages to sell it and support it via the Microsoft channels, the returns are enormous given the global reach of the multi-national corporation; and
 - b. Foreign independent software vendors (ISVs)– these can be either charged for using the TCE or the centre will share in the revenue realised from the successful development and sales of the developed product. Moreover ISVs setting up operations in Malta will be also opening up a large number of employment opportunities for Maltese IT specialists. It is pertinent to note that currently, a large number of foreign ISVs are migrating their applications from the Windows 2000 platform to the Windows XP environment. This offers a unique timely niche that Malta can tap, especially following full EU membership.
2. The Government of Malta will be one of the first Governments in Europe to be enrolled in the Government Security Programme – this will provide a wide and invaluable range of technology-related benefits to Government's ICT agencies including access to source code and expansive disclosure of Microsoft technical information. These tools will enable Government to step up the efficiency and security of its internal and e-Government systems. They will also provide unique research and development opportunities for employees within MITTS Ltd.
 3. In its bid to eradicate the digital divide and to boost the ICT-skills of the Maltese students, Microsoft will be subsidising over 98% of the cost of Microsoft Office XP Professional and Visual Basic Studio software. Apart

from the software itself, Microsoft will be also providing the full upgrades of newer versions in the following three years.

Microsoft accepted the Ministry's request to make this subsidy available for all Maltese students in primary, secondary, post-secondary and tertiary education – a headcount of over 70,000 students. Normal retail prices of similar packages are in the region of Lm 200 (500 Euros) and Lm 350 (875 Euros). Under the subsidy arrangement students would pay a nominal price of circa Lm 3 for these packages.

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4. The installation of the latest version of Microsoft Encarta in each classroom in primary schools, computer laboratory in secondary schools, public libraries and Internet centres in Local Councils. Microsoft Encarta is an industry-leading educational package in the form of an electronic interactive encyclopaedia widely used for learning-purposes the world over.
5. The localisation (translation and customisation) of Microsoft Windows XP – the most used operating system in the world – into Maltese language. The next releases of the XP operating system and Microsoft Office will include Maltese as a standard language.
6. The setting up of a Microsoft IT Academy in Malta offering over 25 high-end training specialisations and certifications to Maltese students and employees. The Academy will be offering training in the University of Malta, MCAST, the Swatar Training Centre and also at the Employment and Training Corporation. Microsoft will be providing all the necessary software and training expertise.
7. A programme of cooperation in making information and communications technologies more accessible to persons with some form of disability. This cooperation will be in the form of direct assistance to individuals with disabilities via the provision of selected software at a heavily subsidised price and also in the form of the development of specialised software for persons with visual and/or hearing impairments.
8. The establishment of a fellowship in Governance between the Institute of Public Administration and Management at the University of Malta and Microsoft, whereby Microsoft will provide direct technical and financial assistance for the development of ICT-Governance within the public administration.
9. An unprecedented joint effort to establish Malta as a best practice location for the protection of Intellectual Property Rights (IPR), hence further enhancing the country's image and reputation as a software development

hub. The protection of IPR is a critical success factor in the positive development of any software development industry. It is mutually agreed that at this specific point in time, in which the global ICT industry is facing budgeting constraints and serious security threats, Malta could be promoted as a country which strongly respects and actively protects intellectual property rights. Microsoft will be providing software, equipment, training and continuous technical support to the key Maltese agencies involved in this effort.

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10. Microsoft will be employing their first Maltese employees in Malta. The first position to be created is that of the Business Development Manager who will be primarily attracting international business for the technology centre of excellence.

Whilst it is difficult to quantify the exact total value of the agreement, from a conservative calculation it is estimated that Microsoft will be investing over 51 million Euros (Lm 20 million) in Malta and in the Maltese students over a period of three years.

During the meeting with Minister Gatt, Bill Gates, Chairman of Microsoft stressed the importance of life-long education and the further development of the Maltese students' ICT-skills. Microsoft EMEA President Jean Phillip Courtois expressed his satisfaction that the experience with the Government of Malta was extremely positive and that the framework agreement reached with Malta would serve as an excellent launching pad for the country's software development industry.

Following the closure of the discussions Mr Courtois explained the rationale underlying Microsoft's decision to invest so heavily and aggressively in Malta. He contributed this strategic decision to three primary factors: the common long-term ICT vision of the Government of Malta and Microsoft, the rapid development of the Maltese information society and Malta's accession to the European Union.

Mr Courtois also announced that in line with the relevance that Microsoft is giving to the development of ICT in Malta it will be holding the next country general managers' meeting (a major Microsoft event) for their top 50 GMs in Malta in the last week of April this year. This event is expected to attract enormous interest and will invariably serve as a direct link to the major decision-makers of the software multi-national corporation.