

# **ICT AS DRIVER OF GROWTH IN MALAYSIA: IS THE POLICY SETTING RIGHT?**

*PRESENTED BY*

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## **My Background : Chairman of International Affairs (PIKOM)**

- **Represents the ICT industry in Malaysia**
- **Members command 80% of the total ICT business in the country**

# ABOUT KOMP@KAR

- A leading Malaysian ICT company with presence in China, Australia, India, Indonesia, Singapore, Hong Kong & Thailand
- Specialises in solutions with domain expertise in :
  - Hospital Systems
  - Petrol Station Systems
  - Software Development (CMMI Level 3) in Business Solution
  - Shared Services (Disaster Recovery & Data Center Hosting)
  - ICT enabling in Infrastructure projects
  - Powerline Communications
  - Large Scale Government Projects

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- **Historical Perspective of The Malaysian Economy**
- **Multimedia Super Corridor Initiative**
- **Malaysia ICT Industry Scenario**
- **What Can Malaysia Offer In The ICT Industry For Australia?**

## Historical Perspective Of The Malaysian Economy

### The Early Days

- Since independence in 1957, primary industry - based economy
- Main export were rubber and tin. Palm oil followed later

# Historical Perspective Of The Malaysian Economy

## The Industrial Push

- Mid 70's, policy makers decided to move up the value chain from commodities to manufacturing
- Highly successful in attracting foreign investments to set-up manufacturing plants
- Free Trade Zones became a resounding success
- Intel, Motorola, AMD, Siemens, Sony among early investors

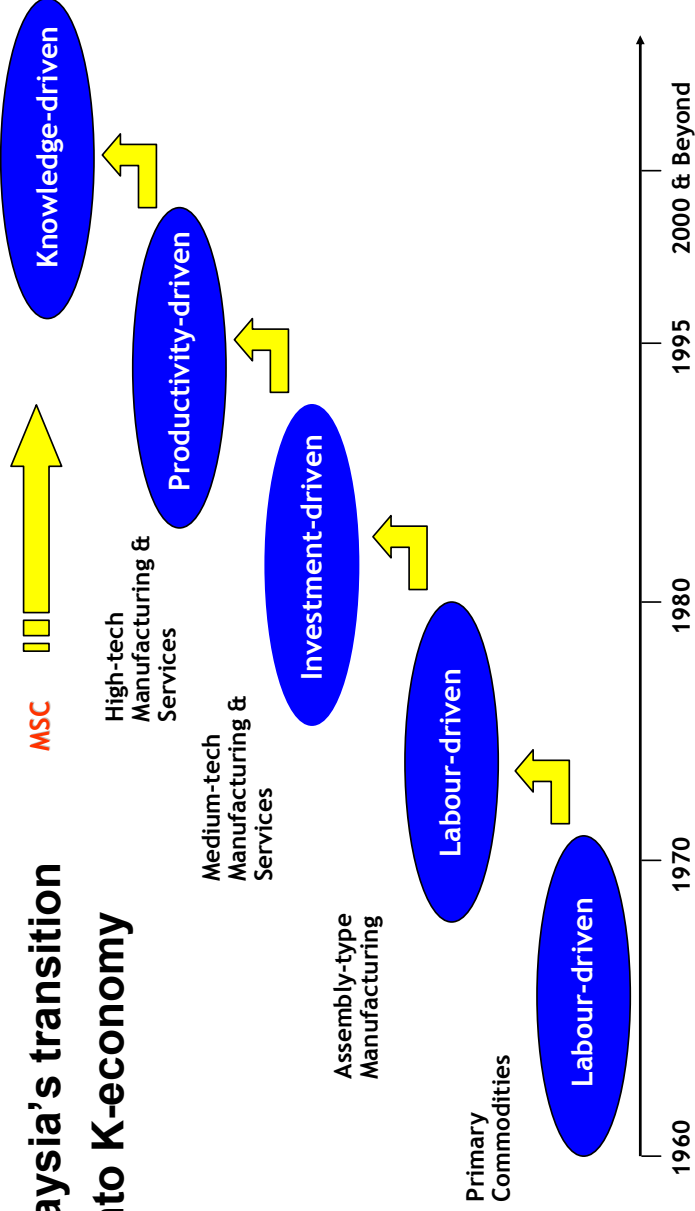
## Historical Perspective Of The Malaysian Economy

### The Information Age

- By early 90's, lower cost manufacturing centres emerged, eg. China & Thailand
- Policy makers re-charted course & repositioned Malaysia
- ICT identified as one of the driver for growth
- Moved up value chain – Knowledge Base Economy

# Historical Perspective Of The Malaysian Economy

## Malaysia's transition into K-economy



Source : NEAC

## Multimedia Super Corridor Initiative

- **An integrated environment for businesses & activities specialising in ICT and multimedia technologies**
- **15 x 50 KM garden corridor**
- **Special Cyber Law, policies and practices**
- **World class physical infrastructure – 2.5-10 Gb network**

# Multimedia Super Corridor Initiative

## The MSC Vision: From Here To 2020

### Phase 1

Successfully create the Multimedia Super Corridor

- 1996 — 2003
- 1 Corridor
  - 50 world-class companies
  - Launched 7 flagship applications
  - World-leading framework of Cyber Laws
  - Cyberjaya as world-leading intelligent city

### Phase 2

Link the MSC to other Cyber Cities in Malaysia and worldwide

- 2010
- Web of corridors
  - 250 world-class companies
  - Set global standards in flagship applications
  - Harmonise global framework of cyber laws
  - 4-5 intelligent cities linked to other global Cyber Cities

### Phase 3









Transform Malaysia into a knowledge society

- 2020
- All of Malaysia
  - 500 world-class companies
  - Global test-bed for new multimedia applications
  - International Cyber Court of Justice in MSC
  - 12 intelligent cities linked to global information highway

Leapfrog into leadership in the Knowledge Economy

# Multimedia Super Corridor Initiative

## Compelling Factors Of The MSC

|   |  |
|---|--|
|    | <b>Comprehensive Package for ICT players</b>               |
|    | <b>Strong Socio-Economic Fundamentals</b>                  |
|    | <b>Strong Support from Government and Business Leaders</b> |
|    | <b>Strong support for growth of Technopreneurs</b>         |
|    | <b>Human Resource Development</b>                          |
|    | <b>Competitive cost of doing business</b>                  |
|   | <b>Gateway to Asia Pacific Market</b>                      |
|  | <b>English is widely spoken</b>                            |

# Multimedia Super Corridor Initiative

## MSC 10 Bill of Guarantee

- World-class physical and information infrastructure
- Unrestricted employment of foreign knowledge workers
- Freedom of Ownership
- Freedom to source for borrowings and capital globally
- Financial incentives; no income tax up to 10 years or investment tax allowance of up to 5 years
- Intellectual property protection and cyber laws
- No internet censorship
- Globally competitive telecommunication tariffs
- Tender MSC infrastructure contracts to web-shapers
- MDC as the one-stop shop

# Multimedia Super Corridor Initiative

## Notable successes :

- Next wave – shared services and outsourcing
- Companies which already here:
  - **BMW**
  - **American Tobacco**
  - **DHL**
  - **Ericsson**
  - **HSBC**
  - **IBM**
  - **Shell**
  - **Standard Chartered Bank**

# Malaysian ICT Industry Scenario

**World IT Services and Alliance's Digital Planet Report 2004 in terms of total ICT spending (out of 70 countries surveyed) :**

**Malaysia: US\$ 7.9 billion**

**Singapore: US\$ 10.6 billion**

**Thailand: US\$ 5.8 billion**

**Indonesia: US\$ 8 billion**

**Australia: US\$ 34.8 billion**

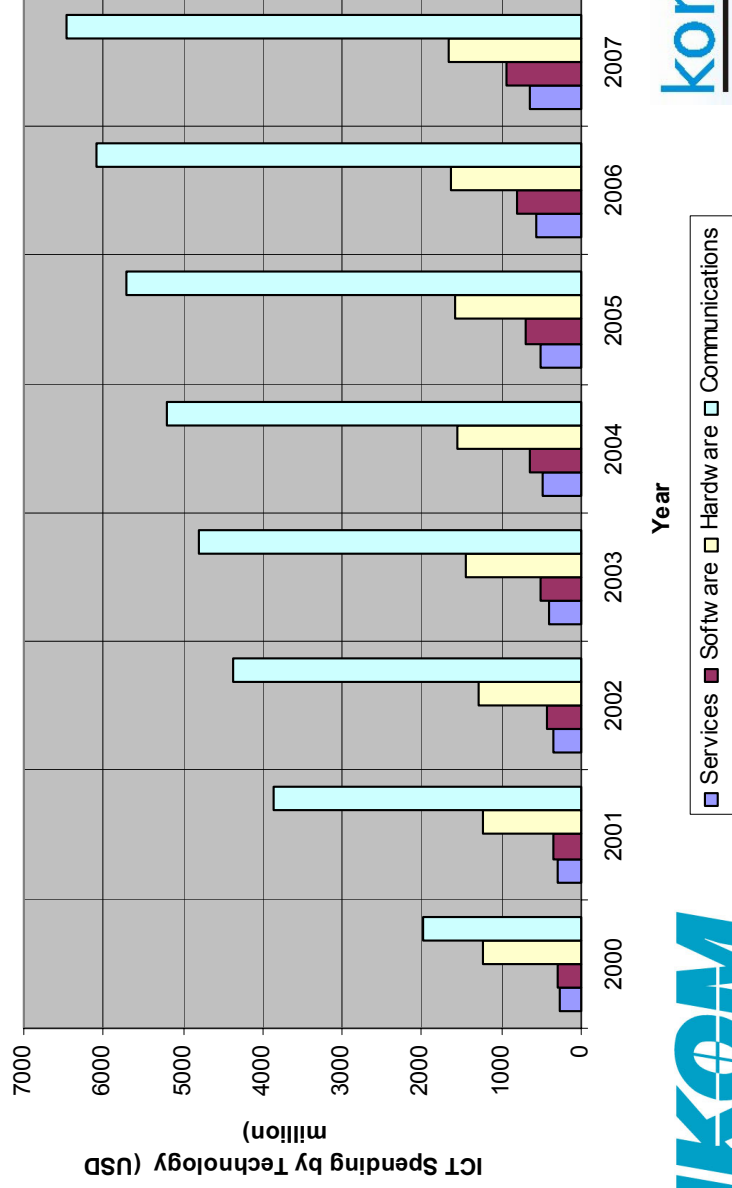
# Malaysia ICT Industry Scenario

## Total ICT Spending Malaysia/Australia



# Malaysia ICT Industry Scenario

ICT Spending by Technology  
Malaysia



## What Can Malaysia Offer In The ICT Industry For Australia?

- **Investor friendly country**
- **Opportunities in knowledge-based services**
- **Niche software applications**
- **Moderate Muslim country – gateway to Middle-East**
- **Multiracial country – cultural ties with China and India**
- **Strong alumni link with Australia**



# THANK YOU