



# Malaysia

## Global Gateway

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As globalization evolves, developing nations are ever more aware of the fact that to survive in a wider world of competition, information is key to success. Malaysia was one of the first Asian nations to embrace information technology as a form of economic empowerment. Through investing its resources in education and services training, and building high-tech infrastructure to accommodate the data age, the state is now dynamically achieving its vision of becoming a knowledge-based economy by 2020. In pursuit of this goal, the Multimedia Super Corridor, a mega project conceptualized in 1996, is slated to be the vehicle for Malaysia's transformation into a cyber superpower.

### Leaping into the Information Age

Just over 10 years ago Malaysia's Government, at the time led by Prime Minister Mahathir Mohamad, made a bold step into its future. It announced the creation of an area to be developed as a designated center for advanced technologies in electronics and software. Known as the Multimedia Super Corridor (MSC Malaysia), the national initiative was to propel the country into the 21st century by developing its potential as a global ICT research and development hub. Tax incentives were administered, educational and training programs were initialized, and palm plantations were transformed into complete cities sporting state-of-the-art infrastructure.

Nowadays, MSC Malaysia covers an extensive zone in the heart of West Malaysia. It stretches from the famous Petronas Twin Towers to Kuala Lumpur International Airport, incorporating Putrajaya, the country's new Federal administration center, and Cyberjaya, the Silicon Valley of Malaysia. It has grown into a thriving ICT hub hosting more than 1,500 multinationals, comprised of foreign-owned and homegrown Malaysian companies focused on multimedia and communications products, solutions, services, and research and development.

Malaysia is competing with countries like Vietnam and China to attract foreign direct investment from the world's technology giants. Among the corporations that have set up bases in Malaysia are chipmaker Intel and computer-makers Dell and IBM. The country is also looking to attract companies from other emerging tech-states. The Multimedia Development Corporation (MDeC), tasked with developing this unique corridor into a regional operations hub, has opened offices in Saudi Arabia, China, and Bangalore in India. New ICT companies are sprouting up in these regions and Malaysia is hoping to become the global center of research and development in new technologies by attracting them with world-class infrastructure and incentives. Some 55 Indian technology firms are already active in Malaysia and the number is expected to grow exponentially in the coming years. Malaysia's overall target is to host at least 4,000 ICT companies in the MSC by 2010.

"Malaysia was successful at attracting foreign investment in manufacturing", says Badlisham Ghazali, MDeC's Chief

Executive Officer, "so we have taken the same degree of commitment that was put into manufacturing towards the creation of a knowledge economy. Cyberjaya was created as a green-field city to safeguard the infrastructure for foreign investors and companies to do business. Unlike other initiatives around the world, the physical incentives in terms of telecommunications and power availability are guaranteed by the federal government." Apart from creating an investor-friendly environment and a vibrant domestic industry, Ghazali explains that the MSC initiative is designed to "impact the socio-economic improvement of the community", benefiting all Malaysians.

Demonstrating its commitment to the program, the government's Ninth Malaysian Plan allocates a big budget for bridging the digital divide. This new five-year blueprint to drive the country's economic development was announced in October 2006. The Plan contributes a sum of \$3.5 billion to ICT-related initiatives. It also projects that Malaysia's total ICT market value will reach \$14.1 billion by 2009, with hardware making up \$2.8 billion, services \$2.1 billion and software \$1.3 billion. Focus will be placed on the development of existing MSC cyber cities and newly identified MSC cyber centers in Perak, Malacca, Johor, and Sarawak, creating some 100,000 new jobs.

Yet the world of technology is prone to constant and rapid changes, an element which MDeC acknowledges. "We are trying to build an ecosystem that is sustainable over the long term," Ghazali points out. "Failure is actually seen as a potential part of this ecosystem and it is a mindset that we are trying to educate the Malaysian business environment to adopt. It does not necessarily come from a lack of policies or government support, but stems from many different criteria, like a shift in the target market, or the loss of key talent." According to Ghazali, MDeC's challenge is to help businesses understand where such weaknesses exist so that failures can be avoided in the next cycle. The ultimate goal of the agency's activities is to foster a resilient sector, able to stand on its own feet. "Nothing comes easy, otherwise it is called spoon feeding. That is not what the government intends for us to do or else you have a mission of armchair businesses. First we want them to comprehend domestic competition, then they will learn to understand com-

petition globally, which is even more brutal.”

In seeking to limit global risk, foreign investors are particularly attracted to Malaysia for its stability, advanced infrastructure, pioneering cyberlaws and protection of intellectual property. Investors also require an educated, technically trained ICT workforce, and Malaysia’s universities and specialized training programs have been acting as a catalyst for an annually increasing number of competent graduates. The multicultural nature of Malaysian society is also aiding the expansion of the country’s FDI base. “We can bring Chinese companies, Indian companies, we are accustomed to working with Americans, we have historical ties with Great Britain, and we are close to OIC countries (Organization of the Islamic Conference). It all caters to Malaysia’s advantages,” observes MDeC’s CEO.

The country’s geographical location within Asia and on the Malacca Straits has also made it a natural choice for multinational corporations. Ghazali says that global trends show major players streamlining their overseas operations into centralized hubs, a movement that Malaysia is keen to capture. “Large organizations are consolidating perhaps 30 smaller operations around the world into two or three giant investments. This is the cycle we see western companies going through right now and they are approaching us, not only IT companies but also oil and gas as well as financial services companies.” Well-equipped seaports, five international airports, and an interconnecting network of highways and rail links are an additional boon attracting such investments to Malaysia.

The Malaysian Industrial Development Authority (MIDA) is the government’s principal agency for the promotion and coordination of manufacturing projects and related services. MIDA asserts that the country is an ideal springboard for companies intending to penetrate other regional markets. It is

seeking to maintain the fine balance of sustaining Malaysia’s cost-competitive environment on the one hand, and intensifying efforts to promote investments in value-added, high technology, and capital-intensive industries on the other. The nation may be competing with giants like India and China, but under ASEAN (Association of Southeast Asian Nations) free trade agreements it is also likely to profit from more investment and shared trade from those very same partners in the coming years.

For MSC Malaysia and MDeC, this means encouraging domestic industries to focus on creating new technologies that are relevant to developing economies. MDeC’s CEO Badlisham Ghazali remarks that Malaysia’s growth is in fact attributable to its truly global outlook, taking into consideration the needs of both developed and developing nations. “We encourage the creation of practical, unique technology which fits into the dynamic of our own economy as well as being of value to other developing nations. That is why we are successful in selling our products to China, Vietnam, and Islamic countries.” An excellent example is the \$30 billion joint venture contract awarded to Malaysia’s MMC Corporation to develop and manage the Jizan Economic City in Saudi Arabia. Ghazali says Malaysia is the best partner for such countries, as it understands and has experienced the stages of development those nations are going through now. “We are running 14 separate projects in Islamic countries based on technology we built right here in Malaysia,” an infallible indicator that the country is without a doubt becoming a leading knowledge-based economy, and sharing its wisdom with the world.

This special feature was produced by SML Strategic Media.  
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The advertisement features a central image of a woman in a black blazer holding a white sign that reads "The World". In the background, other people are holding signs with names like "Salleh Jabari", "Guido Kuepper", and "mith". The MSC Malaysia logo is visible in the top right corner of the ad, with the tagline "Spearheading Transformation". Below the logo, the text reads "MSC MALAYSIA. The difference between good investment & great investment". A large headline says "We welcome the world." followed by a paragraph: "We welcome you to the ideal environment for business growth and expansion. Harness Malaysia's fundamentals of an attractive IT hub through MSC Malaysia with world class infrastructure at 3rd world cost. We promise the freedom to move key factors such as people, ideas, capital and equipment. Get connected to valuable opportunities!". At the bottom right, there is a list of bullet points: "Economic strength", "Social & political stability", "Supportive government policies", "IP protection", "Multilingual talent", and "Developed infrastructure". At the bottom left, the MDeC logo is shown with the tagline "Driving Transformation" and the text "Your one-stop super shop to MSC Malaysia". At the bottom center, the CiC logo is displayed with contact information: "MSC Malaysia Client Contact Centre", "+603 8315 3000", "clic@mdcc.com.my", and "www.msc.com.my".

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