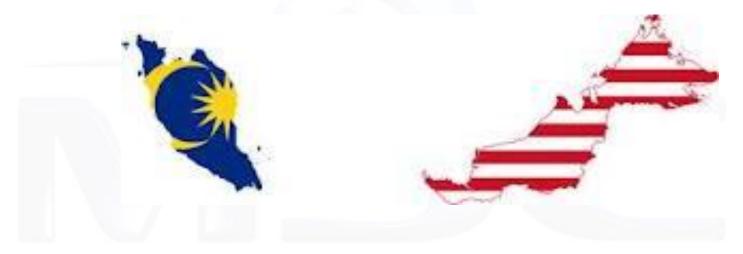
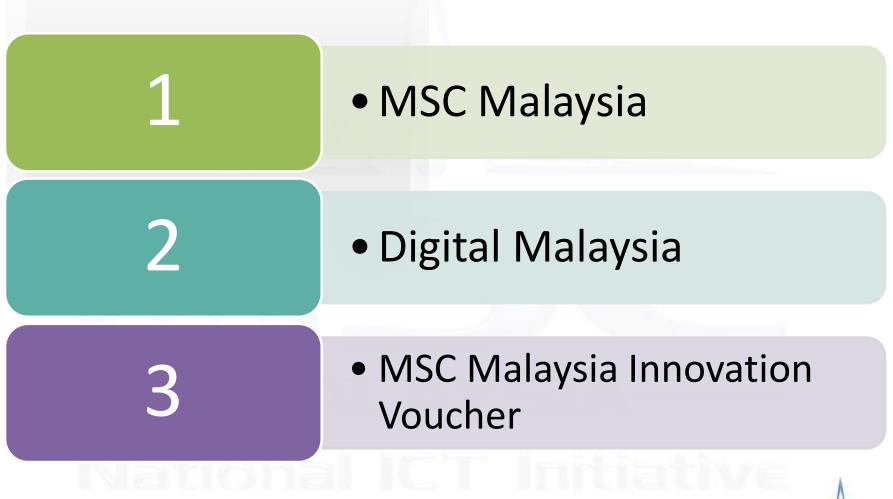
ICT initiatives in Malaysia



Pak Mei Yuet



Outline





MSC MALAYSIA

The National ICT Initiative





MSC Malaysia (Multimedia Super Corridor) is

National Initiative towards transforming Malaysia into a leader in the knowledge based economy





VISION:

An innovation-led, knowledge-rich and progressive society and nation

a

The MSC Malaysia Status

What is MSC Malaysia Status?

Recognition by the Malaysian Government through MDeC for companies that participate and undertake its ICT activities in the MSC Malaysia

Who Should Be In The MSC Malaysia?

Local and Foreign Companies that develop or use multimedia technologies to produce or enhance their product and services and or process development



MSC Malaysia Status Certificate



MSC MALAYSIA STATUS CERTIFICATE

The Government of Malaysia hereby awards MSC Malaysia Status to

for having fulfilled the necessary set of criteria in meeting the objectives of the MSC Malaysia

MSC Malaysia Status entitles your company to the incentives, rights and privileges provided for under the **Bill Of Guarantees** subject to your company's continued adherence to the aforementioned criteria

Minister of Finance Malaysia Minister of International Trade and Industry Malaysia

MSC MALAYSIA BILL OF GUARANTEES

- 1. To provide a world-class physical and information infrastructure.
- 2. To allow unrestricted employment of local and foreign knowledge workers.
- To ensure freedom of ownership by exempting companies with MSC Malaysia Status from local ownership requirements.
- To give the freedom to source capital globally for MSC Malaysia infrastructure, and the right to borrow funds globally.
- To provide competitive financial incentives, including Pioneer Status (100 percent tax exemption) for up to ten years or an Investment Tax Allowance for up to five years and no duties on the importation of multimedia equipment.
- To become a regional leader in Intellectual Property Protection and Cyberlaws.
- 7. To ensure no censorship of the Internet.
- 8. To provide globally competitive telecommunications tariffs.
- To tender key MSC Malaysia infrastructure contracts to leading companies willing to use the MSC Malaysia as their regional hub.
- To provide a high-powered implementation agency to act as an effective one-stop super shop.



Multimedia Development Corporation

Our Mandate

"Co-ordination, promotion and development of information communication technology (ICT) industry and selected services in the MSC and Malaysia"

... Perintah Menteri-Menteri Kerajaan Persekutuan (No. 2) 2004

Vision

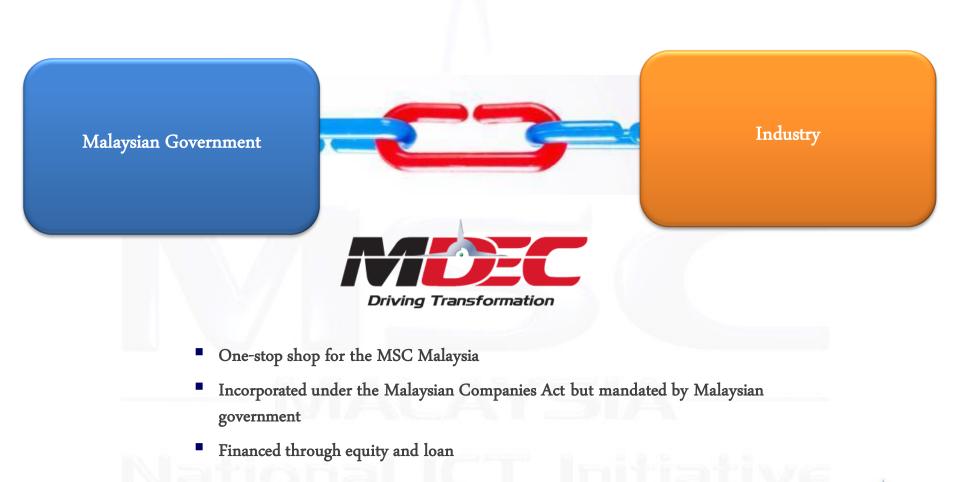
Leadership in the Information Age

Mission

To realize Malaysia as a global hub and preferred location for ICT and multimedia innovations, services and operations



Multimedia Development Corporation



MSC MALAYSIA National ICT Initiative

Incentives in MSC Malaysia

National ICT Initiative



The Comprehensive Package

The Government of Malaysia commits the following Bill of Guarantees to MSC Malaysia Status Companies:

- 1. To provide a world-class physical and information infrastructure.
- 2. To allow unrestricted employment of local and foreign knowledge workers.
- 3. To ensure freedom of ownership by exempting companies with MSC Malaysia status from local ownership requirements.
- 4. To give freedom to source capital globally for MSC Malaysia infrastructure, and the right to borrow funds globally.
- 5. To provide competitive financial incentives, including Pioneer status (100 percent tax exemption) for up to ten years or an Investment Tax Allowance for up to five years and no duties on the importation of multimedia equipment

- 6. To become a regional leader in Intellectual Property Protection and Cyberlaws
- 7. To ensure no censorship of the Internet
- 8. To provide globally competitive telecommunications tariffs
- 9. To tender key MSC infrastructure contracts to leading companies willing to use MSC Malaysia as their regional hub
- 10. To provide a high-powered implementation agency (MDeC) to act as an effective one-stop super shop



MSC Malaysia Status Qualifying Criteria

National ICT Initiative



Qualifying Criteria For MSC Malaysia Status

- 1. Provider or heavy user of IT & multimedia products & services
- 2. Employ a substantial number of knowledge workers
- Strong value proposition specifying how operations will contribute to the development of MSC Malaysia
- 4. Establish separate legal entity for MSC-qualifying activities
- 5. Locate in an MSC Malaysia-designated Cybercities
- 6. Comply with environmental guidelines



Knowledge Worker (KW) Definition

KWs are those who hold:

• Academic qualification (Degree) from an institute of higher learning (any field),

OR

• Diploma in multimedia/ICT or specialized ICT certification plus at least 2 years' relevant experience in multimedia/ICT or in a field that is a heavy user of ICT,

OR

• Professional, executive, management and technical, work categories in ITES (IT-enabled services) e.g. IT/IS Professionals, Finance/Accounting, Business Admin

Also includes:

- Global Sourcing Foreign workers with the required knowledge-based skills not prevalent in Malaysia
- **Creative Multimedia** workers who are utilized for their creative talent to produce value-add creative works for the company



Activities Not Eligible For MSC Malaysia Status

- 1. Trading companies / resellers
- 2. Configuration of existing foreign developed software
- 3. Integration of 3rd party software & hardware
- 4. Manufacturing
- 5. Technical Support Services for 3rd party providers
- 6. Licensed MCMC VOIP/Telecom service providers
- 7. Global Sourcing companies that provide services for Malaysia only
- 8. Companies already enjoying Pioneer Status/ITA
- 9. Companies formed for sole purpose of undertaking contractual work for Malaysian Federal Govt/ State Govts only
- 10. Companies seeking to bring in Foreign Knowledge Workers for subcontract (Body shopping) and turnkey projects

MSC Malaysia Status Qualifying Activities

National ICT Initiative



Infotech

Software Development	 e.g General Business applications such as CRM/ERP/Accounting on any platform, including mobile and cloud platforms specialized applications for vertical industries such as Manufacturing/ security solutions/ Wireless & fixed telecommunications/ embedded software
Hardware Design	Companies undertaking design, development, maintenance and marketing of hardware technology products and applications which include but not exhaustive of the following. • e.g Intelligent Controllers/RFID/security solutions/ Wireless & fixed telecommunications/ SoC designs/ IC desig • Specialist design companies focused on electronic hardware components or finished products (RFID/Smart Cards)
E-Business	Utilize the world wide web as its main platform of operation such as its marketing, web hosting and/including e- commerce transactions • Application service providers, e-commerce service providers; web-based trading platforms



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Malaysia National ICT Initiative



Global Outsourcing (formerly SSO)

Global Sourcing – Foreign Criteria

- 1. To do export 70% by end of year 3 from the date of MSC Approval
- 2. 70% of total investment to be in MSC designated area within 6 months of MSC approval
- 3. Minimum 100 KW by end of year 3 from the date of MSC approval
- 4. Maintain a minimum 85% knowledge workers

Global Sourcing – Local Criteria

- 1. To do export 50% by end of year 5 from the date of MSC Approval
- 2. 30% of total investment to be in MSC designated area within 6 months of MSC approval
- 3. Minimum 50 KW by end of year 3 from the date of MSC approval
- 4. Maintain a minimum 85% knowledge workers



What is Shared Services & Outsourcing

Shared Services

• The concentration of company resources performing like activities, typically spread across the organization, in order to service multiple internal partners at lower cost and with higher service levels, with the common goal of delighting external customers and enhancing corporate value

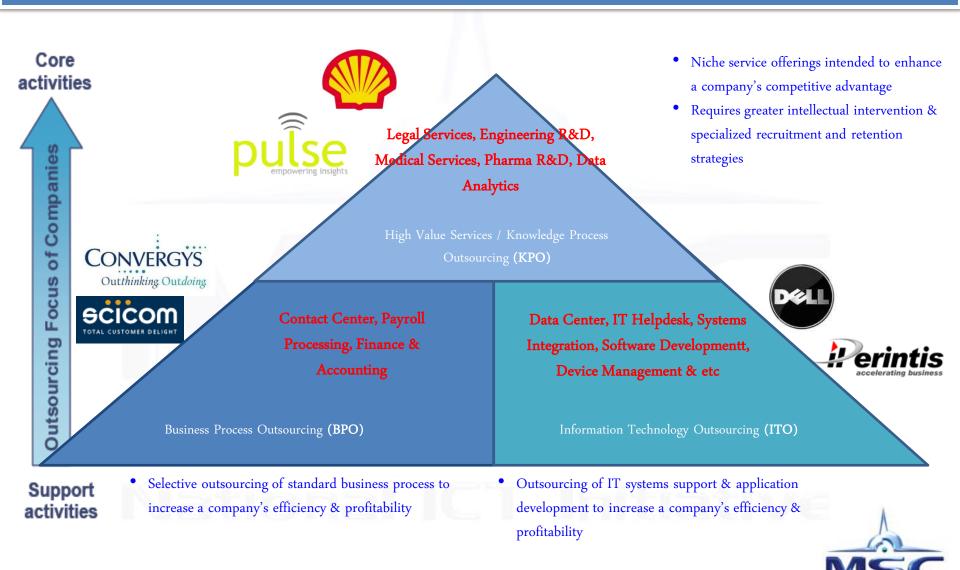
• (Schulman et all 1999)

Outsourcing

- Outsourcing is the act of transferring some of an organization's recurring internal activities and decision rights to outside providers, as set forth in a contract
- (Greaver 1999)



Components of Outsourcing



National ICT Initiative

Creative Multimedia

- Companies whose core business activity revolves around multimedia content creation, processing, packaging and aggregation and delivery activities
- Digital content development, aggregation, packaging and delivery on any platform
- Post production/animation/virtual reality applications
 - a. Production of Multimedia & New Media Content IP
 - b. Production Process (include for interactive content)
 - c. Post Production : Digital Audio and Visual EFX /Computer Graphics based (CGI)
 - d. Animation: 2D/3D, Virtual Reality, Simulation
 - e. Aggregation/Packaging of Content
 - f. Digital Delivery of Content





VALUE ADDED SYSTEM INTEGRATION (VASI)

MSC Malaysia Status Qualifying activities can be expanded to include ICT Consulting & System Integration, subject to the following criteria:-

- By the 3rd year of operation, the company should export at least 50% of its products & services; and
- Have at least 70% knowledge workers

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MSC Malaysia Status for Institutes of Higher Learning (IHL)

National ICT Initiative



Qualifying Criteria For MSC Malaysia IHLs

All Applicants must have all of the following activities in order to qualify for the MSC Malaysia incentives, depending on whether they are companies, institutions of higher education or faculties and depending on the location of their business or activities, namely :

- Provide or be a heavy user of multimedia products and services;
- Grant either diploma or degree courses in multimedia, information technology and related fields for a training period covering a minimum period of 2 years and above
- Establish a multimedia faculty or a qualified faculty conducting multimedia courses, programmes and related activities;
- Employ a substantial number of knowledge workers;
- Conduct and support R&D activities;
- All Applicants must also be registered as a separate legal entity; and
- Comply with Lembaga Akreditasi Negara guidelines Applicable courses must only be related to multimedia, information technology and communication fields

MSC Malaysia Status for Incubators

National ICT Initiative



Qualifying Criteria For MSC Malaysia Incubators

To qualify for MSC Malaysia Status and its benefits, the incubator must satisfy the following criteria:

- **Technology Focus** The Incubator must house tenants that are involved in ICT/Multimedia (e.g software, e-commerce, telecom), biotechnology and/or bio-informatics.
- **Tenancy** The Incubator must house early stage growth companies (ie seed-level or start-up companies) involved in the above defined technology focus areas.
- Facilities The Incubator must offer at least the following basic facilities ;
 - * Utilities including water and electricity
 - * Internet access at minimum bandwidth of 128kbps
 - * Share facilities (eg meeting rooms, reception, audio-visual systems)
 - * Business advisory support (in-house or outsourced)
 - * Minimum 2,000 sq ft floor space
- **Management** The Incubator must have a dedicated management team to provide business support services in order to nurture the incubatees, besides managing the physical infrastructure. Applicants are advised to understand the key eligibility criteria for MSC Malaysia Status as listed above before preparing their applications. The applicant may also seek assistance at the draft stage of the application.

All newly formed incubators must register with the Registrar Of Companies within a month of obtaining MSC Malaysia Status.

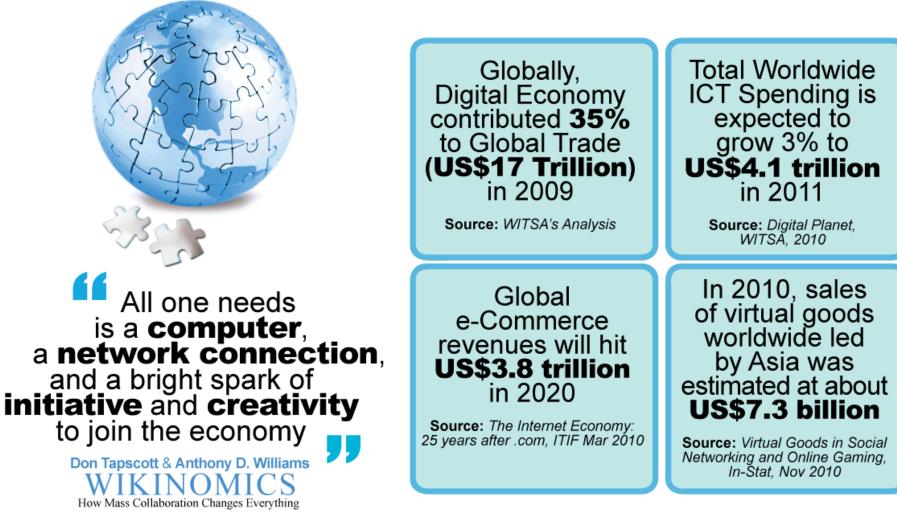




Digital Transformation Programme

www.mdec.my

The WORLD has changed ...



www.mscmalaysia.my

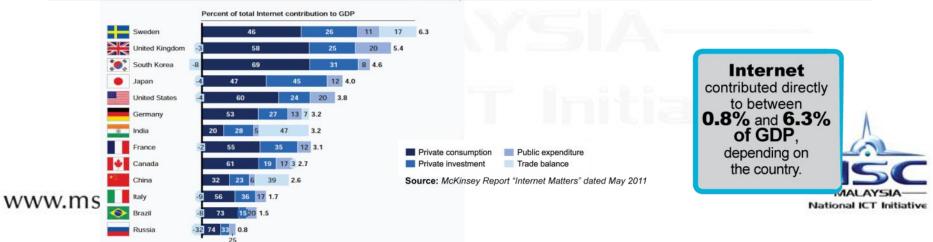
National ICT Initiative

... and critical mass in digital adoption has been reached

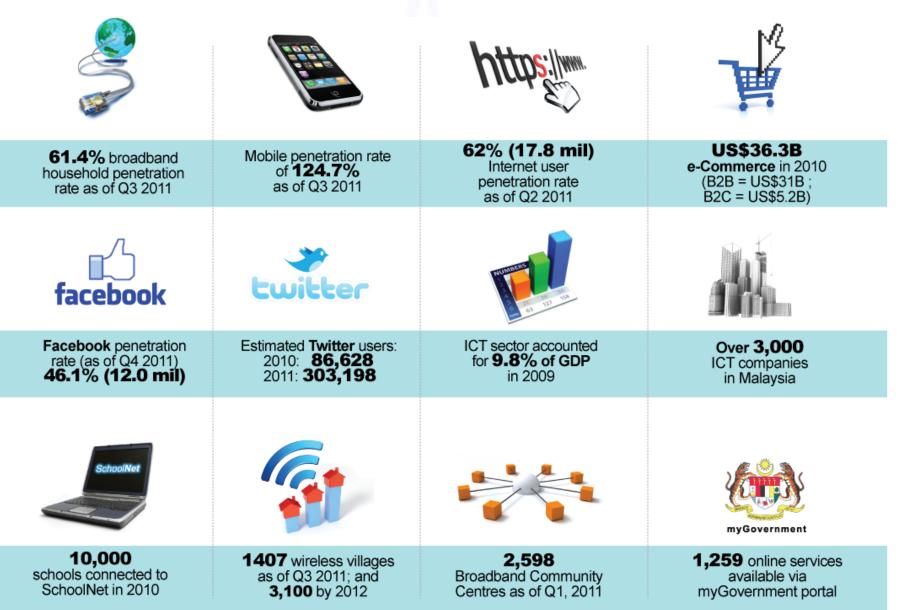
4 Key drivers	causing shifts within the digital ecosystem			
MOBILITY	 1.3B mobile phones shipped globally in 2010, double by 2015 17.7B application store downloads, > US\$15 B application store revenue in 2011 US\$37B revenue by 2015 for mobile applications globally 			
SOCIAL	Currently 750 million Facebook users with average 130 friends (2011 growth rate was 7.9 new registrations per second) 7B pieces of content (links, news, posts, etc.) shared each week It would take 1,000 years to watch every video currently on YouTube			
CLOUD	 By 2013, 60% of server workloads will be virtualised Amazon cloud houses >260B objects, handles 200K requests/sec. Global spending on cloud estimated to be US\$15.3B in 2011, to hit US\$82.3B in 2020 			
INTERNET of things	One trillion connected devices by 2015 2.1B Internet users out of 6.9B world population (30% penetration) 30% of mobile data subscribers to use augmented reality weekly by 2011			

Leading countries realised up to 6.3% of total Internet contribution to GDP

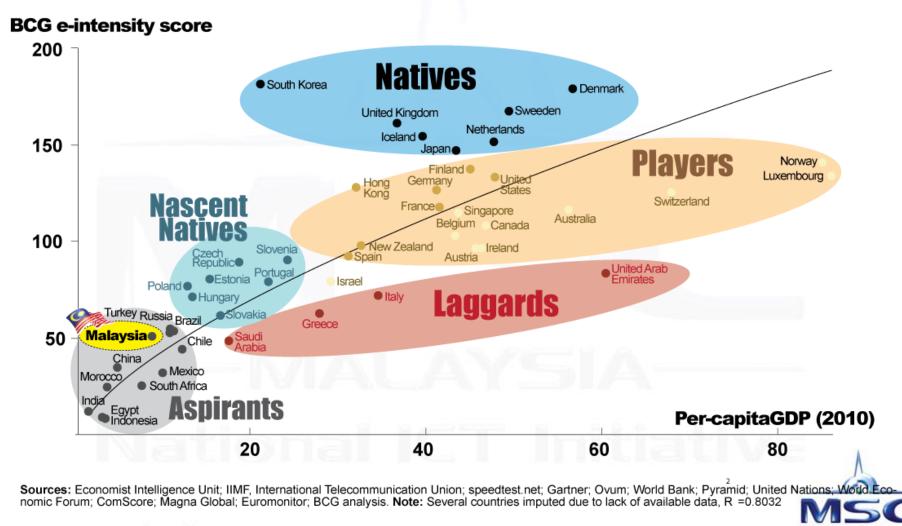
Internet contribution to country GDP (2009)



Malaysia has a solid ICT applications and adoption base ...



... but more can be done to join the leading pack



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Digital Malaysia can propel the country forward on the global front

			(*** **	Aspirational GOALS 2020	Digital Malaysia Outcomes
ICT Contribution to GDP (2010) ¹	9.8%	17%	10%	17% ²	GNI
Digital Economy Rankings 2010 Economist Intelligence Unit (<i>Ranked amongst 70 nations</i>)	#36	#13	#8	TOP 20	Productivity
IMD World Competitiveness Scoreboard 2011 (<i>Ranked amongst 59 nations</i>)	#16	#22	#3	TOP 10	Quality of life

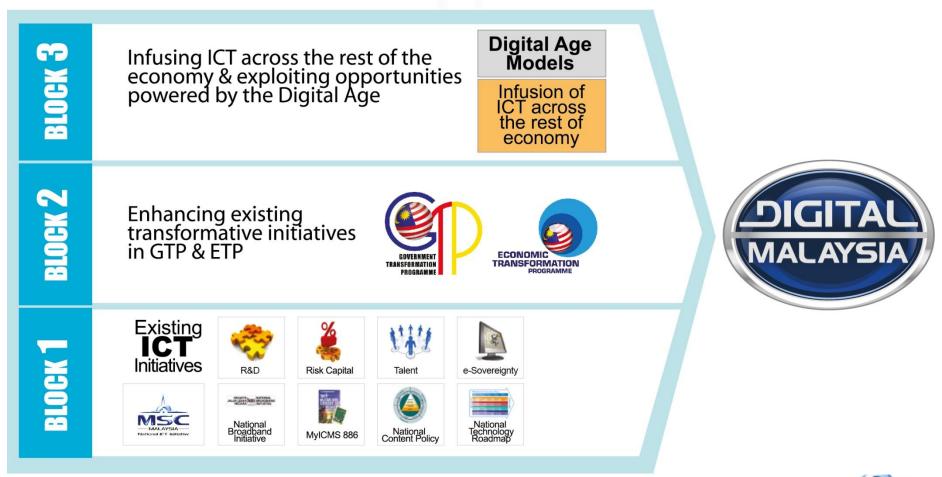
Source:

1. Malaysia Stats : RM10 K Plan, EPU; Korea Stats: IDC; Korean IT statistics bureau 2011;

Singapore Stats: Ministry of Trade & Industry Singapore, 2011 2. Figure denotes contribution to GNI in 2020 and it includes e-Commerce & ICT



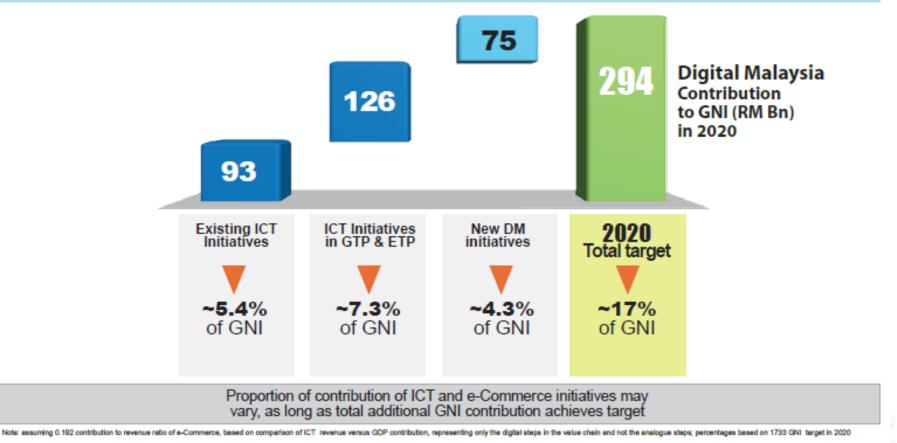
Digital Malaysia encompasses & builds on existing efforts ...





... contributing 17% of GNI in 2020

DM to deliver RM 294 B of GNI in 2020



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MALAYSIA National ICT Initiative

What is it?





EPP1 : e-Commerce EPP2 : Enterprise enablement



what is it?

Digital Malaysia is the nation's programme to embrace the global digital revolution. It will drive **wealth creation** and enhance **quality-of-life** by harnessing and building upon Malaysia's **existing ICT initiatives**.

This digital programme will focus on **5 key dimensions** that will create Entry Point Projects (EPPs) with **10 initial EPPs to be launched in 2012**.

With this initiative, **17% of Malaysia's 2020 GNI** will be derived from digital businesses and efforts. This means an **additional GNI of RM 75 B**, **160,000 jobs** and **RM 31.1 B in new investments**.

Digital Malaysia will result in a nation that **connects and empowers** Government, businesses and citizens through the use of **digital technology**. It will drive **innovation**, **creativity and productivity**.



EPP5 : Public governance EPP6 : Private governance



EPP**7** : Grow the Tech sector EPP**8** : Empower greater economy



EPP**9**: Green of IT EPP**10**: Green by IT



5 Dimensions with 10 initial EPPs

				_
	D	DIMENSIONS	10 ENTRY POINT PROJECTS (EPPs)	
ECO	NOMIC	Increase GNI contribution, wealth generation, productivity and high value jobs	 1. e-Commerce Create new sources of growth by enabling digital participation in the larger global market via e-Commerce 2. Enterprise enablement Enhance enterprise productivity by accelerating adoption of digital technologies throughout the enterprise value chain 	
SI	ICIAL	Infusion of technology to uplift quality of life	 3. Spur the Netizens Enhance infusion of technology to increase inclusiveness and participation in government, business and society 4. Uplift the B40 Generate income and offer digital access to all levels of society, especially the bottom 40% 	
ROVE	RNANCE	Enable greater outreach to constituents, increase in transparency and democratise instruments of command and control	 5. Public governance Enhance public service delivery and encourage citizen participation to improve public governance via digital means 6. Private governance Inculcate efficient and effective business governance to enhance global competitiveness 	
TECHN	ROLOGICAL	Spur innovation across all sectors and enhance IP valuation	 7. Grow the Tech sector Move from a technology adopter and integrator to a technology producer by nurturing local solution providers to become national and regional suppliers 8. Empower greater economy Facilitate innovation through the embracement of digital business models and integration of technology 	
WW	DAMENTAL	Infusion of technology to enhance development whilst minimising damage to the environment	 9. Green of IT Enhance practice of designing, manufacturing, using and disposing of IT products efficiently and effectively, with minimal or no impact on the environment 10. Green by IT Accelerate infusion of technology to minimise damage to the environment 	SIA- Initiative

Potential scenarios

CITIZENS



BUSINESSES



Digital technology enriches the *rakyat's* life at every strata of society

- E.g. Sulaiman, a 16 year old student in *Kangar*
 - Does homework online and attends tuition virtually
 - Actively volunteers at his community tele-centre
 - Moderates a global youth forum on ICT for development

Malaysian SMEs and Major companies empowered by digital Technology

- E.g., Ramly Burger
 - Global player
 - Empowered by traceability and governance technology
 - Enabled by ecommerce
 - Catalyses creation of global hub for Halal goods in Malaysia
- E.g., MOL Global
 - Global player in social gaming and payments
 - Serves 150 Mn customers
 - Based in Malaysia employing 8000 K-workers

GOVERNMENT



Malaysia pioneers governance through digital economy

- E.g., "FixMyCity.gov.my", channel for citizens to report issues y to local governments
 - Citizen sees a pothole in Jalan Ampang
 - Takes a picture and submits it to DBKL via smart phone
 - Picture contains GPS information
 - DBKL receives complaint and repairs promptly

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National ICT Initiative

The first Digital Malaysia lab provided the initial burst of projects







DM sub-projects that enhance GTP & ETP initiatives

project

sub-project.

New DM

sub-projects

Digital Age Models

tive

500 people working together over 5 weeks (18 July - 19 August 2011)

OUTPUTS ON 1st DM LAB

10 EPPs with **25** sub-projects

... that are poised to deliver the following in 2020

RM 57.2 B GNI contribution* **RM 31.1 B** in total investments**



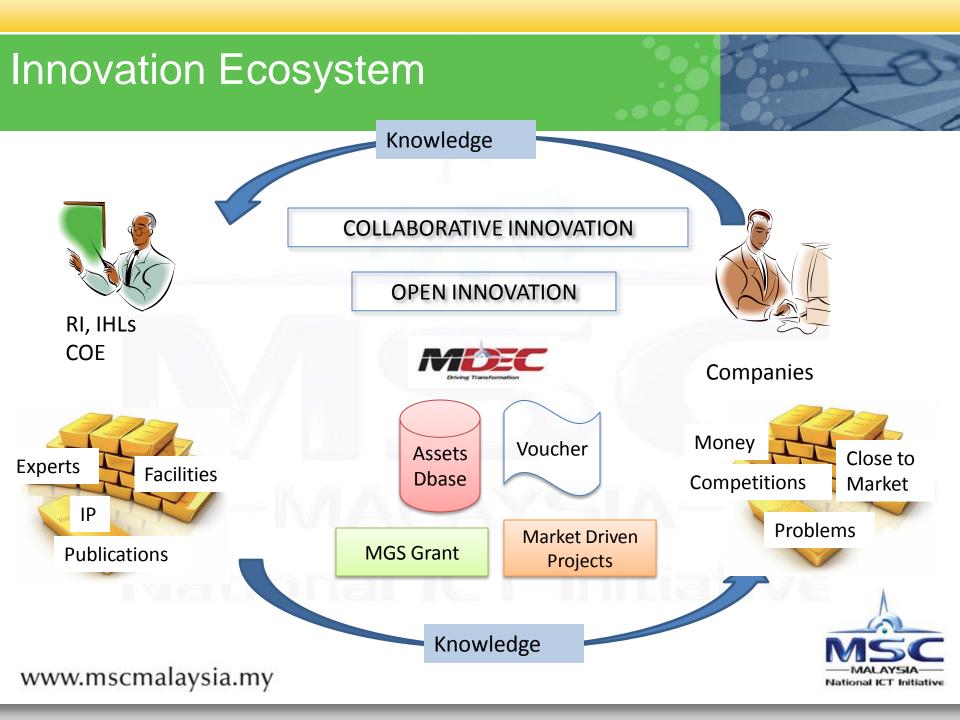
www.mscmalaysia.m This represents the GNI contribution of the initial burst of 25 Digital Malaysia sub-projects. It is envisaged that future EPPs will be initiated to achieve the aspirational goal of RM75 B in 2020. ** RM 29.6 B (95.2%) in private sector investments; RM 1.5 B (4.8%) in public sector investments

~160k Jobs

MSC Malaysia Innovation Voucher







The landscape

- Lack of collaborative projects with the industry
- Low technology transfer rate to companies
- High number of R&D projects not commercially viable



IHLs or Research Institutions(Ris)



Many MSC Malaysia Companies opt not to collaborate with Institutions of Higher Learning due to the perception of 'non-industry ready' personnel which could benefit their companies business.



MSC Malaysia Innovation Voucher

MSC Malaysia Innovation Voucher is a programme designed to increase R&D & Innovation collaboration between industry and IHLs/RIs, providing:



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Funding

 Financial assistance to defray some of the cost incurred by procuring technical and support services from IHLs / RIs / COEs

Support

- Over 26 Malaysian IHLs / RIs / COEs have signed up as service providers.
- POC development, Testing and certification, Industrial design

Know-how

- Increase transfer of R&D&I knowledge and IP from IHLs / RIs/ COEs to businesses
- Increase IHLs / RIs / COEs understanding of the industry's problems and market needs
- Advocator of Open Innovation



Benefits for companies

Concentrate on running business while the IHLs/RIs come up with a solution that could take your business to the next level



Encourage R&D & Innovation collaboration with IHLs/RIs



Shorten time-to-market for new and innovative products and services

Tap into the experts which may reside outside the company



Ensure products' are in compliance with international standards

Improve technology transfer rate from IHLs/RIs to the companies



Benefits for service providers

Provide industry exposure to the experts in IHLs/RIs/COEs



Improve the commercial viability of IP owned by IHLs/RIs/COEs

Increase R&D & Innovation collaboration with industry

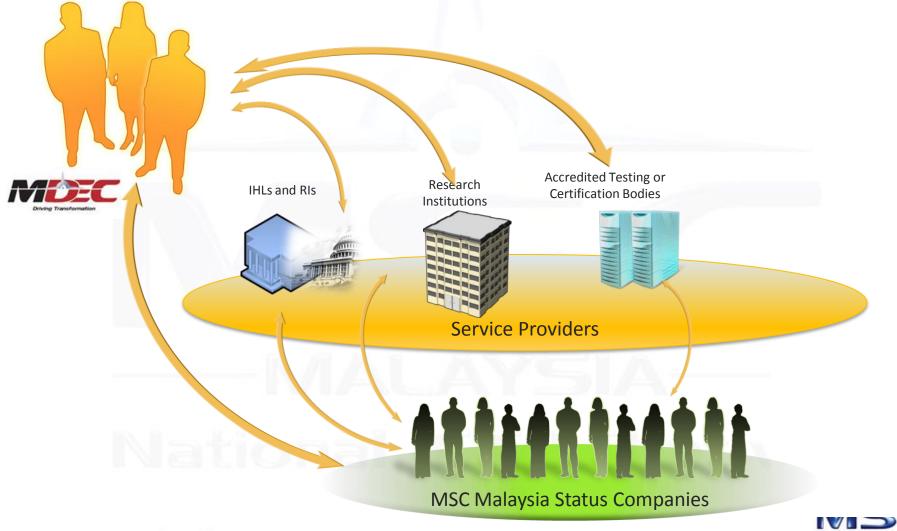


Leverage on MDeC's platform to market areas of competency and service offerings



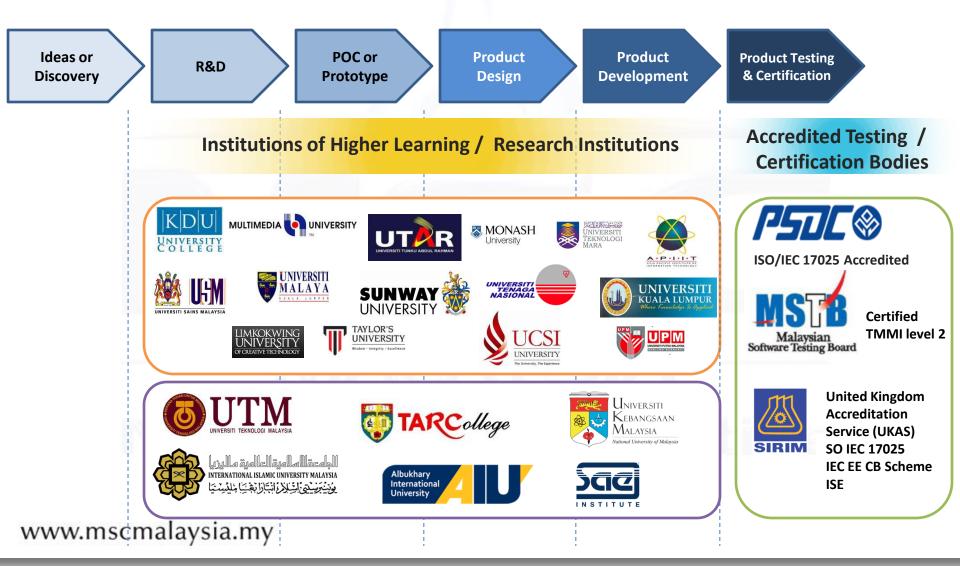


The ecosystem





Category of Service Providers



Community of Service Providers

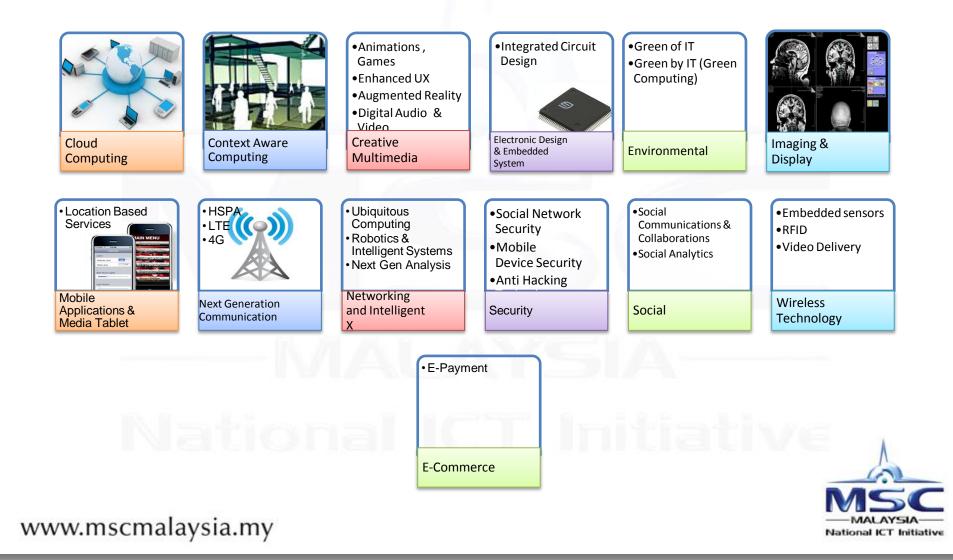


The Framework

- Total project cost funded by one Innovation Voucher should be at least RM13,000 with the company's financial contribution of at least RM3,000.
- Voucher is valid for 1 year only.
- Only MSC Malaysia Status Companies with 51% Malaysian shareholding and has completed SCORE+ exercise can apply



List of Approved Technology Areas



List of Eligible Services

• Innovation Voucher can be used for :

Technical Advisory, Feasibility and Support Services

- Early stage R&D, IC design services, prototyping
- Development of new product / solution / services / process
- Process Design, development and optimisation for yield enhancements
- Product testing (interoperability test / reliability and robustness test / performance test / usability test/ CE test / Electromagnetic Compatibility (EMC) Test)
- Industrial design to improve the aesthetic, ergonomics and usability of products



List of Eligible Services

2) Technical Skills Enhancement (*)

- Specific technological training courses customised to the technology needs of the company i.e. workshops and courses for upgrading technology capabilities. For example:
 - Training on mask layout, accelerated integrated circuit design, circuit validation, embedded software and firmware design.
 - Semiconductor Failure Analysis Consultancy and Training
 - Semiconductor Material Engineering Consultancy and Training

* The technical skills enhancement must be procured together with any of the technical advisory services which will lead to Proof Of Concept (POC) or prototype or world class qualified product.



List of Ineligible Services

- Sales and Marketing Activities
- Design and development of marketing collaterals and promotional materials.
- Purchase of software or hardware
- General and standard training courses available in the market
- Technology licensing and royalties
- □ IP Filing and Legal Services
- Website Development



Call for Application

Call No	Opening Date	Closing Date
1 / 2012	16 April 2012	6 June 2012 by 6pm
2 / 2012	3 September 2012	5 October 2012 by 6pm

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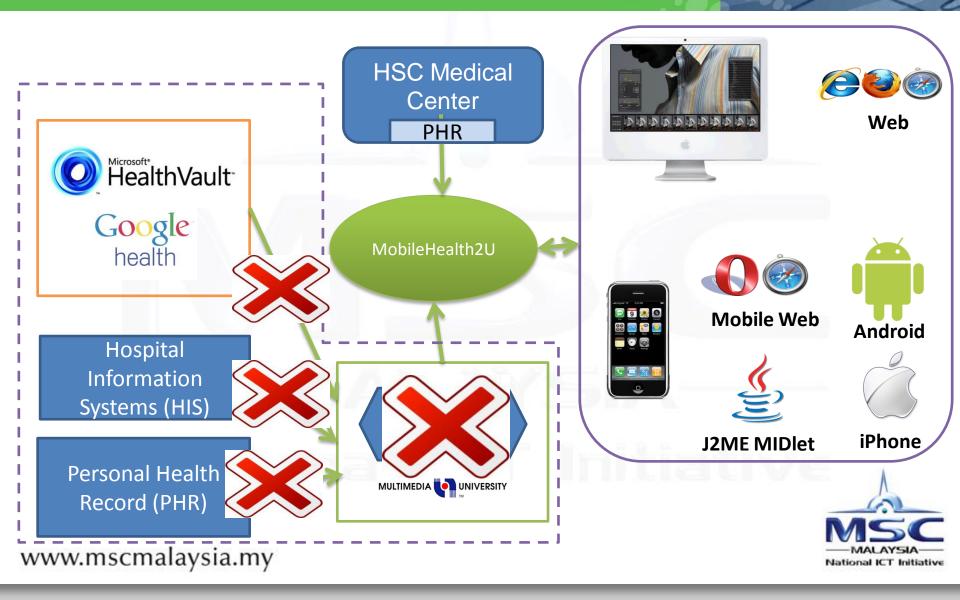


Achievements To-date

- 15 collaborations established (MMU 5, APIIT – 4, UTAR – 2, SUNWAY – 1, MONASH – 1, USM – 1 and UM – 1)
- 4 projects completed, 11 is still in progress



Case Study: Mobile Health Sdn Bhd



Contact Us

CliC

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9am - 6pm Monday - Friday

