

MALAYSIA DIGITAL ECONOMY CORPORATION

PRESENTATION TO BMCC & MDBC
16 AUG 2017





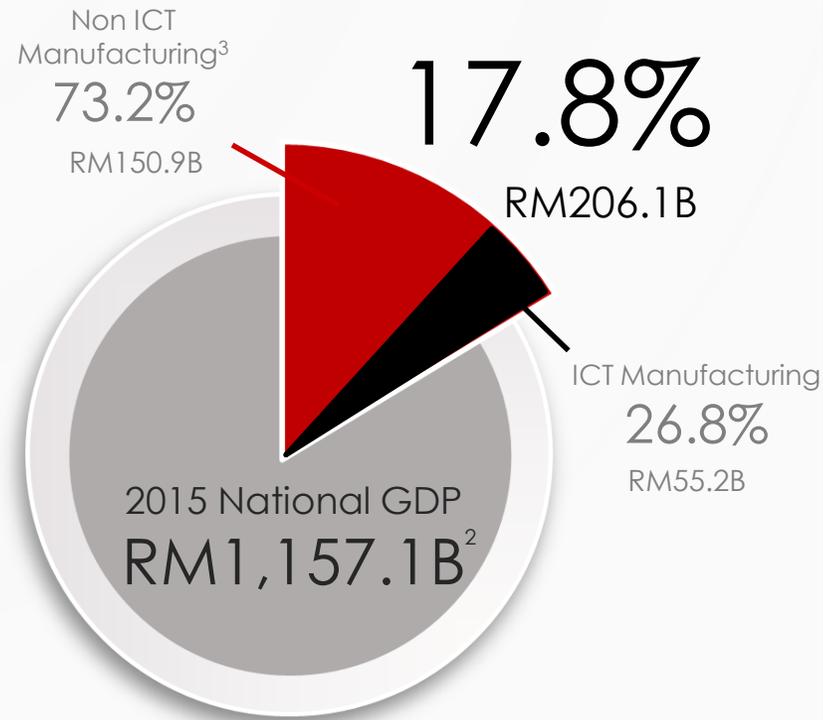
**CONNECTING
BUSINESSES
AND PEOPLE TO
THEIR DIGITAL
FUTURE.**

Digital economy

in Malaysia attracts companies, talent and investment while enabling Malaysian businesses to play a leading part in the **global digital revolution.**

We are driven by the promise that **technology and innovation** have to transform the future of our nation and the world.

2015 DIGITAL ECONOMY CONTRIBUTION TO GDP: SIGNIFICANT PORTION OF MALAYSIAN ECONOMY



2020 Target
18.2%

Digital Economy

9.4%
YoY Growth

Digital Economy GDP contribution outpaced national GDP growth of 4.6%

Productivity

1.7X
GVA/employee

At RM142.9K GVA per employee, it was 1.7x higher than national productivity average (YoY 7.4%)

Compensation of Employee (CoE)

1.9X
CoE/employee

At RM56.5K CoE per employee, it was 1.9x higher than national CoE average (YoY 8.2%)

e-Commerce

7.3%
YoY Growth

e-Commerce gross value added to the national economy sustained at RM68.3B

ICT Exports

2.6%
YoY Growth

ICT exports stood at RM212.9B, whilst national exports grew by 1.3%.





Prime Minister **Datuk Seri Najib Razak** at the 28th Malaysia Super Corridor Malaysia Implementation Council Meeting in Putrajaya yesterday. With him is Communications and Multimedia Minister **Datuk Seri Salleh Saad Keruak** (third from left). Bernama pic

PM: 2017 will be year of Internet economy



Najib: 2017 to be 'year of Internet economy' for Malaysia
 PUTRAJAYA: Prime Minister Datuk Seri Najib Razak has declared 2017 the 'year of the Internet economy' for Malaysia.
 NST.COM.MY



By **MAZWIN NIK ANIS**
 mazwin@thestar.com.my
 PUTRAJAYA: Announcing that 2017 will be the year of Internet economy for the country.

PM: 2017 is year of Internet Economy

IMPORTANT:
 'Digital Economy contributed 17.8pc to GDP last year'

FAIRUZ MOHD SHAHAR AND FRANCIS DASS

PUTRAJAYA
 news@nst.com.my

and unconventional office spaces in warehouses. To encourage the setting up of these hubs, we will ensure a simpler and faster approval process by the Communications and Multimedia Ministry," he said after chairing the 28th Malaysia Super Corridor (MSC) Malaysia Implementation Council Meeting (ICM) here.

A new category under MSC Foreign Knowledge Worker would also be introduced, which would complement the establishment of

ment," he said.
 "We have also agreed that there will be allocation for Public Service Department scholarships for digital technology-related tertiary courses. He said the greatest investment in the new age of industry would be people.

Najib said he was impressed with the e-Usahawan and e-Rezeki programmes, which had empowered the people to increase their income and improve their quality of life.



NAJIB TUN RAZAK bersama Salleh Said Keruak sebelum mempengerusikan mesyuarat Majlis Pelaksanaan Koridor Raya Multimedia ke-28 di Bangunan Perdana Putra, Putrajaya, semalam. Turut hadir, Jailani Johari (kiri). - BERNAMA

2017 Tahun Ekonomi Internet Malaysia - PM

“DIGITAL MALAYSIA AS THE NATIONAL DIGITAL TRANSFORMATION INITIATIVE”

A nighttime photograph of the Kuala Lumpur skyline, with the Petronas Twin Towers as the central focus. The towers are illuminated, and other skyscrapers are visible in the background. The sky is dark with some light clouds. The image is used as a background for a presentation slide.

**Driving
Investment**

**Building Local
Tech Champions**

**Catalysing Digital
Innovation
Ecosystems**

**Propagating
Digital
Inclusivity**

2016 INVESTMENTS REMAIN STRONG



NEW INVESTMENTS FOR 2016

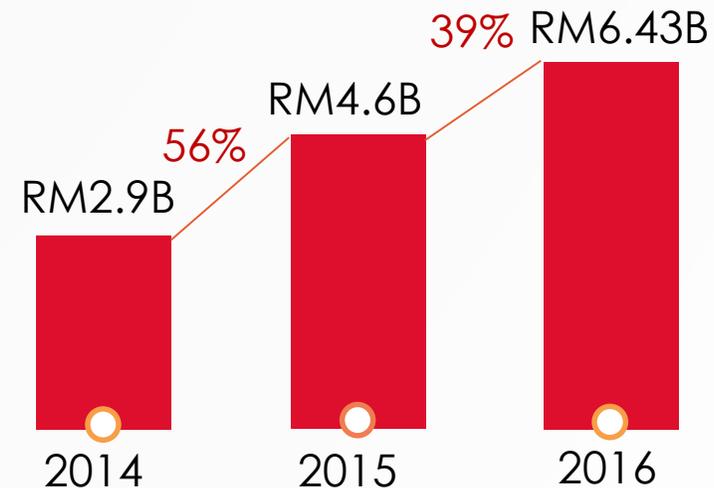
16.27B

9.84B

Current Investors

6.43B

New Investors



2016 recorded highest ever approved new investments



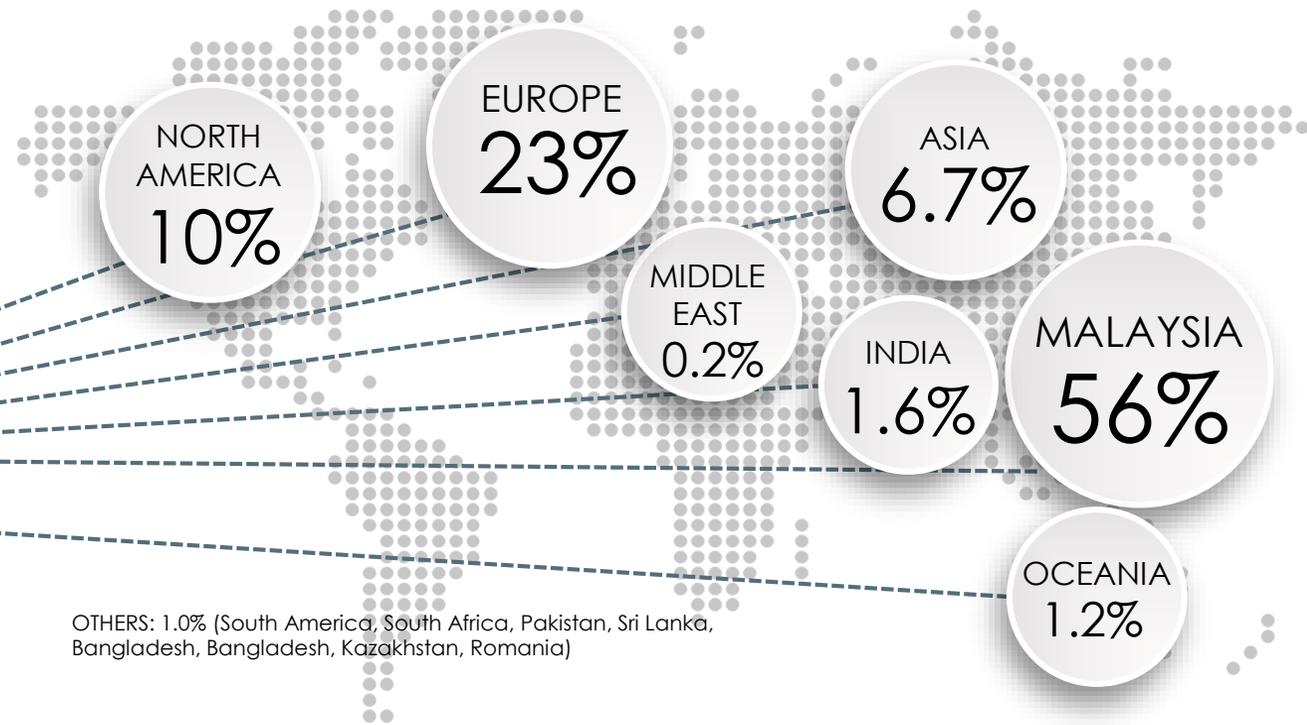
MALAYSIA AS A KEY TECH INVESTMENT HUB

Total Investment 1997-2016

RM304B

€ **60 Billion**

£ **54 Billion**



TOP INVESTMENT UK COMPANIES



TOP INVESTMENT NETHERLANDS COMPANIES



ENVIRONMENT: RANKED BEST COUNTRY TO INVEST IN

Malaysia is a federal constitutional monarchy located in Southeast Asia
Consists of 13 states and 3 federal territories and has a total land mass of 330,803 square kilometres (127,720 sq mi)



-Capital-
Kuala Lumpur
(2,793 sq km)

-Population-
31 Million
(Population Growth 1.5% per annum)

-GDP Per Capita-
USD 10,456.887
-GDP Growth-
4.0-4.5%



-Language-
English, Malay, Mandarin, Tamil & More

-Multilingual-

Japanese, Korean, Arabic, Tagalog & More

-Literacy-
93.5%



1st **Best Country to Invest in**
(US News & Wharton University 2017)

3rd **Global offshoring destination**
(A.T. Kearney Global Services Location Index™ 2016)

4th **Protecting investors**
(World Bank Doing Business 2016 Report)

5th **Most attractive market for infrastructure investment**
(3rd global infrastructure investment index)



MALAYSIA'S UNIQUE VALUE PROPOSITION FOR INVESTORS



PEOPLE

1. Critical mass of multi-lingual, multi-cultural talent
2. Over 190,000 graduates annually. (Including overseas)
3. World class expertise and highly experienced professionals



COST

1. Stable wage inflation of 6%
2. Competitive cost for high-value activities
3. Cost of living vs. Quality of life is comparatively low



ENVIRONMENT

1. Top-ranked investment destination
2. Safe haven in Asia with NO natural disasters
3. MDEC as a one-stop agency for facilitation

PEOPLE: STRONG MULTILINGUAL CAPABILITIES

Source of experienced talent pool 2016

Name of language	Source of experienced talent pool 2016									
	Dalian	Guangzhou	Shanghai	Jakarta	Kuala Lumpur	Manila	Singapore	Bangkok	Ho Chi Minh City	
Japanese	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Mostly native ¹ pool	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Indicates limited delivery from the region	Mostly native ¹ pool	Mostly native ¹ pool	
Korean	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Mostly native ¹ pool	Mostly native ¹ pool	Mostly native ¹ pool	Indicates limited delivery from the region	Indicates limited delivery from the region	Mostly native ¹ pool	
Thai	Indicates limited delivery from the region	Indicates limited delivery from the region	Indicates limited delivery from the region	Indicates limited delivery from the region	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Indicates limited delivery from the region	Mostly native ¹ pool	Indicates limited delivery from the region	
Vietnamese	Mix of native ¹ and non-native ² pool	Indicates limited delivery from the region	Indicates limited delivery from the region	Indicates limited delivery from the region	Mix of native ¹ and non-native ² pool	Mix of native ¹ and non-native ² pool	Indicates limited delivery from the region	Mix of native ¹ and non-native ² pool	Mostly native ¹ pool	

- Japanese and Korean language CC delivery is undertaken by a greater percentage of native experienced talent pools across all locations
 - Amongst the Chinese cities, the talent pool is mixed between native and non-native speakers (the latter are mostly hired for scale purposes); the non-native speakers are typically trained in the various mannerisms and inflections which are important components of these languages. Often, companies require their workers to spend two years or more in Japanese and Korean locations so that they derive a sense of cultural affinity which is imperative in customer interactions
 - In other cities, native speakers of Japanese and Korean comprise a majority of the talent pool; these people are mostly expats who are relocated for CC delivery. Not only does this ensure quality service delivery, but also a steady supply of talent pool by hiring on a contractual basis. This model is followed primarily for small- to medium-scale operations
- Outside the source locations, Thai and Vietnamese language delivery follows a similar operating model of employing both natives and non-natives

1 Native speakers refer to those who have learned a language as their mother tongue / first language (this includes the necessary skills of reading and writing along with speaking for CC delivery). For example, a Tagalog-speaking Filipino in the Philippines
 2 Non-native speakers refer to those who have learned a language as their second or third language. For example, a Tagalog-speaking Filipino who learns Indonesian Bahasa as a second language in the Philippines

Source: Interviews with market participants and recruitment agencies; Everest Group (2016)

ATTRACTIVE COST OF DOING BUSINESS

Location	Water (USD/cu. m ³)	Electricity (USD/kwH)	Office Rents (price/ sq. m /year, in USD)	Legal minimum wage (monthly, in USD)	Regular gasoline price (1 liter, in USD)	Industrial estate (land) purchase rate (Cost /sq m, in USD)
Malaysia	0.43	0.11	288	296	0.63	30-67
Thailand	0.37	0.11	252	197	1.44	144
Vietnam	0.43	0.09	420	113	1.11	-
Philippines	0.91	0.27	240	220	1.27	98-112
Indonesia	1.01	0.09	276	226	0.71	180-297
Singapore	1.80	0.23	960	-	1.71	209-1,180
China	0.64	0.13	540	231	1.23	143-167
India	0.30	0.12	528	128	1.35	55-91

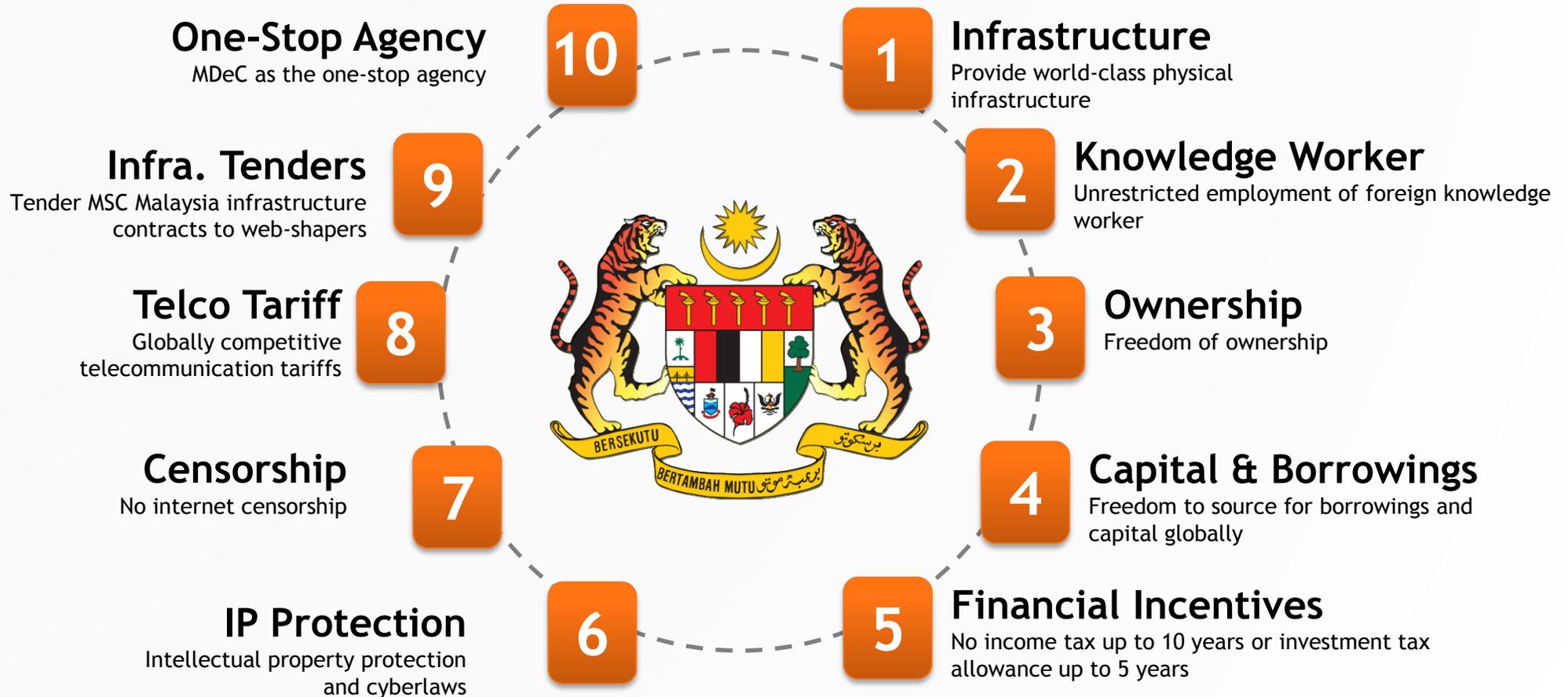
Salary Comparison

Location	Managers (department chief level)	Engineers (mid-level engineers)	Staffs (Non-manufacturing, general level)	Workers (general workers)
monthly (in USD)				
Malaysia	1,966	944	858	344
Thailand	1,574	698	664	345
Vietnam	787	342	418	145
Philippines	1,070	452	493	301
Indonesia	1057	433	423	239
Singapore	4,268	2,325	2,330	1,230
China	1,456	835	824	449
India	1,395	641	562	276

Sources : MIDA, Invest Penang, Jetro, 2015

OUR UNIQUE OFFERINGS

MSC MALAYSIA'S BILL OF GUARANTEES



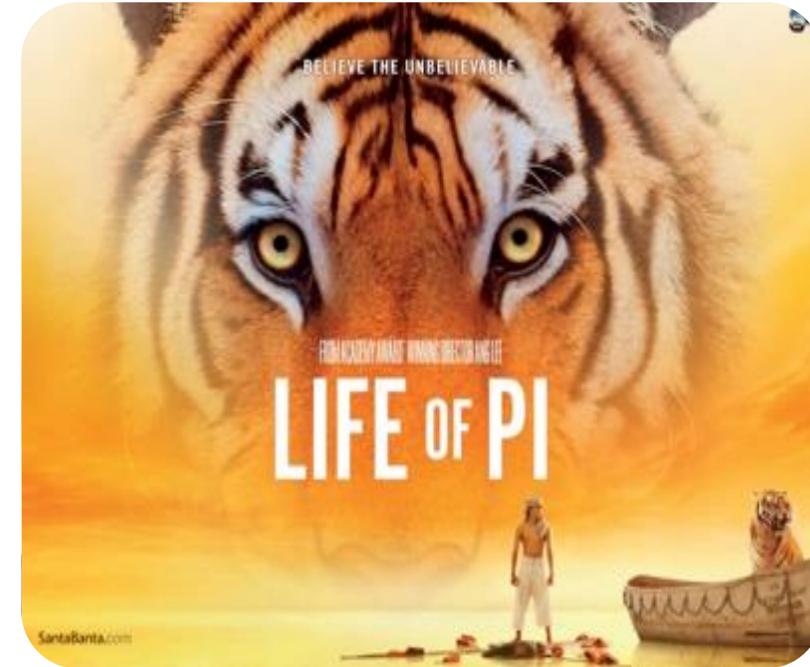
ENVIRONMENT: A DIVERSIFIED POOL OF DIGITAL BUSINESSES SUPPORTING AND DRIVING INDUSTRY TRANSFORMATION



**TECHNOLOGY
& PLATFORM**



**SERVICES (Global Business
Services, Centre of Excellence,
etc)**



**CONTENT (Creative Content,
Platform Content, etc)**

DIGITAL ECONOMY

FOCUS AREAS: TECHNOLOGY AND APPLICATIONS



CLOUD



IOT



INFORMATION
SECURITY



BDA



FINTECH



ECOMMERCE

Catalyze Digital Adoption Across Industry Sectors

“DIGITAL MALAYSIA AS THE NATIONAL DIGITAL TRANSFORMATION INITIATIVE”

A nighttime photograph of the Kuala Lumpur skyline, with the Petronas Twin Towers as the central focus. The towers are illuminated, and other skyscrapers are visible in the background. The sky is dark with some light clouds. The overall scene is a high-angle view of a modern city at night.

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MDEC'S GLOBALISATION INTERVENTION GAIN OVERVIEW

Global Acceleration & Innovation Network (GAIN)

Enterprise Development



MARKET



MENTOR



MONEY



VISIBILITY



150 GAIN Companies includes 33 Bespoke

OUTCOMES



**THE
Billionaire
Tech Club**

Increase in EXPORTS

Increase in FOOTPRINTS

**Increase in GROUP
REVENUE**



BUILDING LOCAL TECH CHAMPIONS

MSC MALAYSIA COMPANIES POISED FOR GLOBAL ICON STATUS



Ivan Teh
CEO & Co-Founder



- Listed in **London Stock Exchange** in 2013 with market cap of £100 million
- Global presence in **Europe, US, Hong Kong, China, Australia, Indonesia, Thailand, Cambodia & Singapore**
- Global clients include Jones Lang LaSalle, Hewlett-Packard, Daimler, Volkswagen, TNS Group, PSA, RBS, UOB, CIMB, MetLife, Starwoods, Air Asia, etc.

Multi-award winning IT software group that specializes in Analytics and Big Data



Leo Ariyanayakam
CEO



- Global presence in **Indonesia & Sri Lanka**
- Listed in KL Stock Exchange
- Services 40+ mil customers in **90 countries**, in **42 languages**
- **RM183mil** revenue in 2015
- International Assoc. of Outsourcing Prof. (IAOP) 2013 The **Global Outsourcing 100** - Best Rising Stars in **Overall Revenue**

Global CRM consulting, technology services, education and outsourcing company

“DIGITAL MALAYSIA AS THE NATIONAL DIGITAL TRANSFORMATION INITIATIVE”

An aerial night view of the Kuala Lumpur skyline, featuring the illuminated Petronas Towers as the central focus. The city lights and other skyscrapers are visible in the background under a dark sky.

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WORLD'S FIRST DIGITAL FREE TRADE ZONE (DFTZ)

DFTZ
DIGITAL FREE TRADE ZONE

THE VISION

Digital Free Trade Zone (DFTZ) is the window to the world for **SMES** & the preferred gateway of choice for **GLOBAL BRANDS** & **MARKETPLACES** into ASEAN



Our PM Datuk Seri Najib Razak will launch the world's first Digital Free Trade Zone along with Alibaba founder, Jack Ma on 22 March in Mandarin Oriental KL

3
COMPONENTS
OF DFTZ

E-FULFILMENT HUB *(Physical)*

- Warehouse
- Sorting, dispatch
- Customs
- Light Industrial Unit
- Pick, pack, label



SATELLITE SERVICES *(Physical)*

- Corporate Offices
- Business Services
- IT Services
- Financial Services
- Others



E-SERVICES PLATFORM *(Virtual)*

- Unified platform for government services (customs, permit etc.)
- Connect businesses with service providers

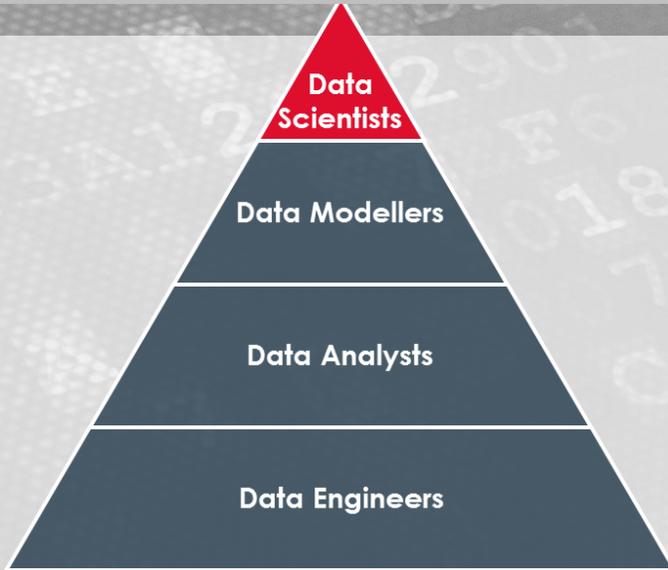




ADAX

ASEAN Data Analytics Exchange

A data analytics hub for talent development and adoption



Track 1: Formal Uni. Initiatives

Formulate industry relevant curriculum for university adoption **(25%)**

Track 2: Prof. Development

Facilitate training providers for BDA professional training **(75%)**

New Forecast: **20,000** data professionals and **2000** data scientists by **2020**

SHOWCASE AREA



TALENT DEVELOPMENT SPACE



SANDBOXING ENVIRONMENT/STARTUP CO-LOCATION

Co.



Fintech



Cloud SaaS



Malaysia Digital Hub™

4 Approved Digital Hubs in 2017



Creative / ARVR



Sharing Platform

Criteria

- Start up community
- Hyperspeed Broadband
- Hot Desk & Co-Working Space
- Funding facilitation
- Mentoring & Coaching
- Talent development

Ecosystem Partners



MALAYSIA TECH ENTREPRENEUR PROGRAMME

WHAT IS MTEP?

Malaysia Tech Entrepreneur Programme (MTEP) is a pass that allows global tech entrepreneurs to kick start or expand their business in Malaysia



WHO CAN APPLY?

NEW ENTREPRENEUR

- individual with an idea but have no track record of established business
- Professional Visit Pass (PVP-MTE) : 1 year (renewable)

ESTABLISHED ENTREPRENEUR

- individual with track record of established business
- Residence Pass (RP-MTE) : Up to 5 years (renewable)

Apply at www.mtep.my

APPLICATION REQUIREMENTS



Business Pitch Deck



Certificate of Good Conduct



Financial Track Records



Local Sponsor

“DIGITAL MALAYSIA AS THE NATIONAL DIGITAL TRANSFORMATION INITIATIVE”

A nighttime aerial view of Kuala Lumpur, Malaysia, with the Petronas Twin Towers as the central focus. The towers are illuminated and stand out against a dark sky. Other skyscrapers and city lights are visible in the background and foreground.

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Enriching B40s through Digital Income



“ Saya yakin program ini akan menjadi senjata ampuh kepada kerajaan untuk membela nasib golongan B40 ”

Presented at ICM 23 October 2014 eRezeki launched 17 June 2015



Mainstreaming Digital Entrepreneurship for the people



“ The sky is the limit when it comes to digital entrepreneurship – we can achieve so much more with our creativity and imagination ”

Presented at ICM 15 October 2015 eUsahawan launched 15 November 2015

#MYDIGITALMAKER: BUILDING THE NEXT GENERATION OF DIGITAL INNOVATORS



McXavier, Gary, Vanhanson
Form 1, SMK Luar Bandar Miri, Sarawak



Sharmila, Nor Izhan Fazlin, Tina Anusia Rani
Form 4, SMK St. Bernadette's Convent
Batu Gajah, Perak



LIM WERN JIE
Form 1, SMJK Jit Sin, Penang

Intelligent Colour
Vision system



Safety Snitcher device



Phone Security Alarm
in mobile devices



1

Integrating computational thinking and computer science into the national school curriculum

2

Partnering industry and academia to nurture and groom talented young Malaysians

TAKE AWAY

Malaysia, with its unique blend of capabilities, cost attractiveness, industry depth and Government initiatives, is well positioned to serve UK and EU companies and its clients as a strategic regional hub for expansion into the ASEAN region.

THANK YOU

20
Years and Beyond