Information & Communications Technology
Sector 2017
OBNI Industry Report in Malaysia
This report serves as a preliminary introduction that highlights key features and factors relevant to the Information & Communications Technology sector in Malaysia. Information included in this report is the original work and property of the British Malaysian Chamber of Commerce (BMCC) and its department the Overseas Business Network Initiative (OBNI) and is subject to copyright. No illustrations, photographs, graphics or text included in this report should be copied, reproduced or shared without prior written consent of its owner.

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The total Information & Communications Technology (ICT) market value in Malaysia for 2015 of RM155.2bil is based on the average annual growth rate (AAGR) of 8% for the period 2010-2015. The share of the overall ICT industry to the economy expanded from 16.5% in 2010 to 17.6% in 2015 and is on track to reach 20% by 2020.

With government support since 1995 via the creation of the Multimedia Super Corridor (MSC), Malaysia is now posed to move its ICT industry higher up the value chain; from the role as manufacturer and exporter of ICT products to a provider and exporter of ICT services.

The strategic focus areas for UK ICT in Malaysia are big data analytics, Internet of Things, e-commerce, data centres and cloud, cybersecurity, fintech, smart cities and start-ups.
OPPORTUNITIES

Malaysia remains a dominant exporter and hub for Electronic Government solutions, electronic commerce solutions, Information Technology Outsourcing (ITO), Business Process Outsourcing (BPO), data centre management & hosting and cloud computing services. However, with the coordinated effort launched by the Malaysian government to move the ICT industry higher up the value chain, the focus areas will be content generation and big data harnessing, internet-of-things, cloud technology and mobility.

MOBILE PENETRATION

Malaysia’s mobile penetration rate averages around 120% with internet penetration averaging around 70% of the national population. Approximately 71% own a smart phone with 43.4 million 3G/4G broadband subscriptions. Mobility is a key factor for businesses looking to harness ICT in Malaysia as urban populations look to consume information, products and services from anywhere and anytime via their various devices.

BIG DATA & ANALYTICS (BDA)

Big data analytics is forecasted to form a significant part of ICT services in Malaysia with projected revenues expected to reach MYR720 million by 2020. The applications are targeted on retail, crime prevention and citizen data analysis to name a few.

While still in its early stage, Malaysia is one of the leading countries in ASEAN region to adopt big data analytics and a large portion of the Malaysian ICT landscape are into this segment. Local governments are also harnessing big data in order to increase and improve social/civilian infrastructure.

SUSTAINABLE TECHNOLOGY / BIOTECHNOLOGY

There is an increasing trend in Malaysia to adopt and use greener, more sustainable technology which is bolstered by the government’s initiatives in achieving higher energy efficiency. According to the Sustainable Energy Development Authority (SEDA), the target for renewable energy generation should reach 11% by 2020.

E-COMMERCE

Increased mobility has paved the way for multiple popularised websites and apps used in Malaysia for online shopping. Businesses have innovated their product and after-sale services to better suit the e-commerce model. A sophisticated ecosystem in the e-commerce segment already exists in Malaysia, ranging from services in digital marketing and analytics to payment gateways.
The table below presents the main acting government bodies in the ICT sector in Malaysia.

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<th>ORGANISATION</th>
<th>OVERVIEW</th>
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<tr>
<td><strong>Malaysia Digital Economy Corporation (MDEC)</strong></td>
<td>A government sponsored initiative to create a hi-tech business corridor in Malaysia.</td>
<td>+60(0)3 8315 3000 <a href="http://www.mdec.my">www.mdec.my</a></td>
</tr>
<tr>
<td><strong>Malaysian Communications &amp; Multimedia Commission (MCMC)</strong></td>
<td>Implements and promote governmental national policies for the communications &amp; multimedia sector and oversees the new regulatory framework for the converging telecommunications, broadcasting and on-line activities</td>
<td>+60(0)3 8688 8000 <a href="http://www.skmm.gov.my">www.skmm.gov.my</a></td>
</tr>
<tr>
<td><strong>Ministry of Science Technology &amp; Innovation (MOSTI)</strong></td>
<td>Established to lead the National Science, Technology &amp; Innovation (STI) Agenda by exploring, developing and utilising STI to generate knowledge, create wealth and ensure societal wellbeing towards achieving a sustainable and high-income economy</td>
<td>+60(0)3 8885 8000 <a href="http://www.mosti.gov.my">www.mosti.gov.my</a></td>
</tr>
<tr>
<td><strong>Malaysian Global Innovation &amp; Creativity Centre (MaGIC)</strong></td>
<td>Catalyses the entrepreneurial ecosystem in Malaysia, bringing together the abundant resources from partners and communities alike.</td>
<td>+60(0)3 8324 4800 mymagic.my</td>
</tr>
<tr>
<td><strong>National ICT Association of Malaysia (PIKOM)</strong></td>
<td>Represents the Malaysian ICT industry. Its membership currently stands at 800+ comprising companies involved in a whole spectrum of ICT products and services.</td>
<td>+60(0)3 4065 0078 <a href="http://www.pikom.org.my">www.pikom.org.my</a></td>
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MARKET ENTRY

One of the most efficient forms of market entry into the Malaysian ICT sector is via the Multimedia Super Corridor (MSC) certification offered by the Malaysia Digital Economy Corporation.

MSC Malaysia is Malaysia’s national ICT initiative designed to attract world-class technology companies while grooming the local ICT industry. Fully supported by the Malaysian Government, MSC Malaysia has led the nation’s transformation towards a K-Economy over the past decade and a half. MSC Malaysia is your gateway to the ICT industry in Malaysia and the region.

MSC Malaysia status is awarded to 3 types of business entities, each with a set of different application criteria and guidelines. The qualifying business entities are:

• PRIVATE LIMITED COMPANIES (i.e. ‘SENDIRIAN BERHAD’)

• INSTITUTIONS OF HIGHER LEARNING

• INCUBATORS

QUALIFYING ACTIVITIES

INFOTECH & SOFTWARE PRODUCTS

Companies undertaking design, development, maintenance and marketing of software products which include but not exhaustive of the following:

• 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 TECHNOLOGY PRODUCTS & APPLICATION

Companies undertaking design, development, maintenance and marketing of hardware technology products and applications which include but not exhaustive of the following:

• Global Business Services (BPO, ITO and KPO)

• Creative Content and Technology
BILL OF GUARANTEES UNDER MSC STATUS

1. To provide a world-class physical and information infrastructure.

2. To allow 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 the freedom to source capital globally for MSC Malaysia infrastructure, and the right to borrow funds globally.

5. To provide competitive financial incentives namely Pioneer Status (100% 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 Malaysia infrastructure contracts to leading companies willing to use MSC Malaysia as their regional hub.

10. To provide a high-powered implementation agency to act as an effective one-stop supermarket.
MAJOR EVENTS

Malaysian business efficacy is known for its conferences and exhibitions with many events taking place across the country throughout the year. The main ICT related events in Malaysia are:

Malaysia Technology Expo 2017 (MTE)
16-18 February 2017, Putra World Trade Centre, Kuala Lumpur

Eco Light Asia 2017
12-13 April 2017, Kuala Lumpur Convention Centre, Kuala Lumpur

28th International Invention & Innovation Exhibition (ITEX)
ITEX 2017, 11-13 May 2017, Kuala Lumpur Convention Centre, Kuala Lumpur

Big Data World Asia 2017
16-17 May 2017, Kuala Lumpur Convention Centre, Kuala Lumpur

Automation Technology Exhibition & Conference 2017 (AUTOMEX)
24-27 May 2017, Putra World Trade Centre, Kuala Lumpur
USEFUL CONTACTS

Ministry of Science, Technology and Innovation (MOSTI)
Tel: +60(0)3-8885 8000
Email: info@mosti.gov.my
Website: www.mosti.gov.my

Multimedia Development Corporation Sdn Bhd (MDEC)
Tel: +60(0)3-8315 3000
Email: clic@mdec.com.my
Website: www.mscmalaysia.my

Malaysian Communications and Multimedia Commission (MCMC)
Tel: +60(0)3-8688 8000
Email: ccd@cmc.gov.my / william@cmc.gov.my / noraini@cmc.gov.my
Website: www.skmm.gov.my

The National ICT Association of Malaysia (PIKOM)
Tel: +60(0)3-7955 2922
Email: info@pikom.org.my / oky@pikom.org.my / aishah@pikom.org.my
Website: www.pikom.org.my

Malaysian Association of Bumiputera ICT Industry & Entrepreneur (NEF)
Tel: +60(0)3-7722 2706
Email: ashran@nef.org.my / ferdaus@nef.org.my
Website: www.nef.org.my

Technopreneurs Association of Malaysia (TeAM)
Tel: +60(0)3-2264 5320
Email: wingyew@team.net.my
Website: www.team.net.my

Malaysia Software Testing Board (MSTB)
Tel: +60(0)3-8076 6100
Email: info@mstb.org
Website: www.mstb.org

Outsourcing Malaysia
Tel: +60(0)3-7955 2922
Email: info@outsourcingmalaysia.org.my / rachelkuan@pikom.org.my
Website: www.outsourcingmalaysia.org.my
ARE YOU A BRITISH COMPANY LOOKING TO ESTABLISH A PHYSICAL PRESENCE IN MALAYSIA?

The British Business Centre in Malaysia (BBCiM) is a newly developed facility managed by the BMCC which offers incubation services and 24 hours secure access to co-working space for British companies seeking to launch physical operations in Malaysia. The business centre has fully furnished private offices, open desk units rented out on an hourly, daily, weekly, monthly or annual basis. Virtual office services are also available for UK companies who require a registered address in Malaysia.

The BBCiM is located on the same floor as the BMCC Executive Office at Wisma Selangor Dredging along Jalan Ampang, strategically across from the world famous Petronas Twin Towers in the heart of Kuala Lumpur.

For more info about the BBCiM, visit www.bmcc.org.my/bbcim or email info@bmcc.org.my

BMCC CONTACT

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Tel: +60(0)3 2163 1784 (Ext 103)
Email: vikram@bmcc.org.my
Are you a Malaysian-based company looking to import British goods or services?

WE CAN HELP YOU IMPORT ANYTHING FROM THE UK!

From the best of UK’s food & beverage products or supplies, automotive and construction parts, tools, machinery, laboratory equipment, oil & gas solutions, pharmaceuticals, clothes & accessories, cosmetic, techware & gadgets, books, education services, furniture, kitchenware, household or electrical appliances...

If You Want to Source It, We’ll Make It Happen!

Find out how we can help you import

Reach us at info@bmcc.org.my or +603 2163 1784
The British Malaysian Chamber of Commerce (BMCC) works with UK exporters under the Overseas Business Network Initiative (OBNI) focusing primarily on SMEs. The chamber offers bilateral trade assistance and is principally a one-stop shop providing a soft landing for UK firms in Malaysia, offering market research and knowledge exchange, guiding through legal and regulatory systems, facilitating business matching with local partners, clients or distributors, and managing risk.