

MDeC: INVESTING IN ASEAN

By Jeremy Torr

ASEAN (the Association of Southeast Asian Nations) has been described as the overlooked jewel of Asia. It is a lucrative market with a huge—and increasing—number of opportunities for global MNCs and investors to tap into the Asian region's high-tech markets. And Malaysia offers the perfect gateway into this new and booming market.



Dato' Yasmin Mahmood, CEO of MDeC

Malaysia has long been known as a strong base for the high-tech industry sector. In 1996, in an effort to further boost this burgeoning sector, the Malaysian government set up the Multimedia Development Corporation (MDeC).

Since then, globally recognized technology innovators like Intel, Philips, Dyson, Sony, National Panasonic, Huawei and Agilent have set up operations in Malaysia and have used the country as a base to expand across the ASEAN region.

Today, MDeC is committed to overseeing the development of the innovative MSC Digital Malaysia initiative, a platform to nurture the growth of locally based companies in the technology industry according to global standards. MDeC is committed to the ongoing support of digital technology clusters in information and communications technology (ICT), global business services and creative multimedia, with a special focus on big data analytics, the Internet of Things (IoT) and e-commerce. MDeC works to capitalize on the fastest-developing technology trends within each of these key markets.

Ensuring Ideal Market Conditions for Multinationals

ASEAN has seen the rise of a burgeoning middle class over the last decade that puts a heavy emphasis on education, innovation and the adoption of disruptive new technologies—all of which provide ideal conditions for economic growth. Today, according to consulting firm McKinsey, ASEAN ranks as the world's seventh-largest economy—a formidable and rapidly expanding market.

ASEAN has also become today's fourth-largest exporting region globally. And with a strategic position in the heart of Asia that is within easy trading distance of the massive markets of China, India and Japan,

ASEAN is already an economic phenomenon.

Meanwhile, Malaysia—at the geographical center of ASEAN—offers proven resources, excellent infrastructure and educational institutions, plus a skilled and reliable workforce, and a steady and predictable 5.6% growth rate. Better yet, the MSC Malaysia initiatives offer

investors a set of incentives, rights and privileges on behalf of the Malaysian government.

To help provide the best environment for business success for MNCs investing in a new Southeast Asian strategy, the MSC Malaysia Bill of Guarantees offers unmatched support for investors, including world-class physical and information infrastructure, fast-tracked employment of local and foreign knowledge workers, freedom of ownership, competitive financial incentives, tax exemption or allowances, and zero-rated import duties on multimedia equipment.

Expansion Potential

Today, ASEAN cities—including the Malaysian capital of Kuala Lumpur—collectively account for more than 65% of the region's GDP, and they are growing fast. By 2030, roughly 90 million more city-dwellers are expected to drive the ASEAN consumer population to over 260 million, further boosting the region's GDP to an estimated US\$520 billion to US\$930 billion worth of extra business.

Malaysia has created the perfect launch pad for potential investors in the region. According to Dato' Yasmin Mahmood, chief executive officer of MDeC, the organization



PARC MoU exchange by Stephen Hoover, CEO of PARC, and Dato' Dan E Khoo, President of MDeC Americas (left to right), witnessed by Aki Ohashi, PARC's Director of Business Development, and Dato' Yasmin Mahmood, CEO of MDeC (back row, left to right)

will continue to focus on expanding Malaysia's base of knowledge workers. "MDeC's talent-development initiatives continue to play a crucial part in the effort to boost workforce skills across the ICT industry," she explains, and "the digital economy is a key building block for Malaysian and ASEAN prosperity."

Talent is only one part of Malaysia's appeal, however. MDeC is keen to point out that the average wage benchmark in Malaysia is significantly lower than that of regional competitors, despite high levels of workforce capability and availability. The country is expanding beyond basic customer relationship management (CRM), and is now establishing itself as the go-to regional base for MNCs looking to establish new customer database, marketing, data center and automated sales operations.

As a key global center of expertise in Islamic finance, Malaysia is also the perfect base for investors looking at high-growth Sharia-compliant financial services across ASEAN and beyond.

Firmly committed to developing an advanced digital economy, driven by a

productive and enlightened citizenry, and guided by a forward-looking government, Malaysia has big plans for the future.

For any investor looking into high-tech investment in ASEAN, there is only one first stop: Malaysia. ■

NEW HORIZONS

This past November, MDeC signed a landmark agreement with the famous Xerox Palo Alto Research Center (PARC) to collaborate with and leverage Silicon Valley's innovative technology ecosystem. The collaboration marks a "key milestone" for MDeC, says CEO Dato' Yasmin Mahmood, who explains that it will facilitate IP exchange, investment opportunities and shared R&D programs between Silicon Valley and Malaysia's Multimedia Super Corridor (MSC).

To complement the agreement, MDeC has opened a new office in Silicon Valley. The new entity, MDeC Americas Inc., will spearhead Malaysian access to Silicon Valley's innovative ecosystem and also act as a globalization launch pad for Malaysian ICT businesses.

The office is a first for MDeC, and will serve as a unique gateway for investors and businesses with its ability to help MSC Malaysia companies access the global arena and expose them to world-class R&D and technological breakthroughs.

"This multifaceted collaboration connects the best of MSC Malaysia's intellectual property with that of Silicon Valley and creates a unique opportunity to spawn new breakthroughs in digital technology," agrees Dato' Dan E Khoo, president of MDeC Americas.