

Malaysia has now firmly made its mark as the gateway to Asia, making it a popular outsourcing destination in 2009, says Emma Thomas

MALAYSIA

Malaysia is home to centuries of rich cultural history, spanning multiple nationalities and religions. In the rainforests, ancient traditions and wildlife are preserved, while urban Malaysia showcases shopping, culture and business through modern, vibrant settings, and its world-famous beaches and resorts offer perfect holiday getaways.

The Malaysian Peninsula was home to many Chinese and Indian trading outposts for centuries before Islam was brought to the country by Arabian merchants in the 11th century. Various items such as porcelain and spice were actively traded even before the state of Malacca and Singapore rose to prominence. Since the colonial era, Malaysia has earned the reputation of being an attractive location for investment and trade alike, exporting an estimated US \$181.2bn worth of goods into the international trade marketplace in 2007.

The country has seen a real Gross Domestic Product (GDP) growth of 4.6 per cent per annum in 2008 with Malaysia's GDP per capita at an estimated \$15,700 and GDP of \$195bn in 2008. Both the country's economy and its 25 years of continuous growth, have positioned Malaysia as an economic leader in South East Asia, ranked higher in the GDP Index than other Asian destinations including the Philippines, Hong Kong and even neighbouring Singapore.





FOCUS ON OFFSHORE DESTINATION: MALAYSIA

Whilst some Asian countries are still recovering from the East Asian financial crisis in 1997, over a decade later, Malaysia's economy has grown significantly, and has even been predicted to grow a further six per cent in 2010 despite the global recession. Experts predict this rise in GDP to be driven by both rising consumer expenditure and the number of companies seeking to utilise Malaysia as an idealistic offshore destination to outsource financial and technological based industries.

CULTURAL AND POLITICAL TIES

On a political front, Malaysia as an ex-British colony operates a democratic parliamentary system whilst upholding a stable legislative and judiciary system. Implementation of laws is robust, while public-private partnership between the Multimedia Development Corporation (MDeC), the body that directs and oversees Malaysia's National Information and Communication Technology Initiative and Outsourcing Malaysia (OM) provides for a consistent approach towards industry development.

UK commercial ties with the Asian country are very strong. Both countries share historical and educational links, a familiar commercial and legal framework and the widespread use of English, which all make for good international business relationships. Cultural affinity towards the UK makes Malaysia a sustainable, culturally-sensitive location to the many UK companies that have outsourced there.

There are five Cybercities within Malaysia in which companies can locate their business premises. These are supported by a high-capacity, digital telecommunications infrastructure designed to meet the highest international standards in reliability, pricing and key network features linking Malaysia to regional and global centres.

Malaysia offers many incentives as an idealistic offshore destination, especially for IT outsourcing, which has been the most dominant industry outsourced to the country

in 2009. Attractions of the country include the duty-free importation of multimedia equipment, excellent research and development (R&D) facilities including the region's first Multimedia University for companies, and access to world-class physical and IT infrastructure. Additionally, Malaysia has considerably low wage inflation (5.5 per cent) and attrition rates (five per cent) compared to many other top Asian countries.

CITY LIVING

The popularity of the country has increased thanks to the high-quality, affordable, cosmopolitan living within Kuala Lumpur, its modern and vibrant capital city. The country also places high emphasis on education, with many students studying overseas at top institutions, including the UK's prestigious Oxford University and returning with credible high-class degrees. Therefore, the country hosts a large talent pool with highly educated Malaysians with technical and managerial skills.

Adding further to its appeal, the country's government is supportive of Malaysia's outsourcing industry and works closely through OM. This small country of 24 million is hardly new to the business of global services – it is already host to dozens of multinationals that have tapped expertise in the energy, finance and logistics industries, many through captive arrangements. Considered the world's largest exporter of semiconductors and consumer electronics, Malaysia has infrastructure development, technological expertise and diverse economic activities, all of which are attractive to UK businesses.

In both its 2004 and 2005 Global Services Location Indexes, consulting firm A.T. Kearney named Malaysia as a top three location for shared services and outsourcing, behind only India and China and just ahead of Singapore. The ranking analyses the top 40 service locations worldwide against 40 measurements in three categories: cost, people skills and business environment.

FOCUS ON OFFSHORE DESTINATION: MALAYSIA

A PROFITABLE SECTOR

Malaysia's sourcing industry currently generates revenues of over US \$1.5bn, including shared services and outsourcing revenues. Large global corporations like Shell, DHL, Convergys, IBM, Accenture, TCS, Infosys, L&T, and BMW to name just a few, have their global shared service centres located within the country. HSBC, for example, employs over 3,500 resources at its Malaysian centre servicing its UK and global treasury, trade and retail banking consumers.

Companies like AstraZeneca and RBC-Dexia leverage Malaysia for high-value service capabilities in the pharmaceuticals R&D space, as well as for the design of structured financial products. Thanks to Malaysia's location, it possesses language capabilities spanning the

entire breadth of the Asian continent and Oceanic region, with firms currently supporting over 35 different languages.

The country is unique in the span of its offering capabilities, providing services and solutions in a multitude of areas including oil and gas, logistics and supply chain, financial services, contact centres, human resources, and financial analytics. In addition, R&D, multimedia, gaming, custom development and infrastructure management are available in abundance.

With over 60,000 people currently employed in the sourcing sector and over 150,000 new graduates available in the market each year, Malaysia looks set to continue on its quest to dominate the financial services outsourcing market in Asia.



MALAYSIA: KEY STATISTICS

POPULATION SIZE:
24 MILLION

GOVERNMENT:
FEDERAL CONSTITUTIONAL
ELECTIVE MONARCHY,
PARLIAMENTARY
DEMOCRACY

CAPITAL CITY:
KUALA LUMPUR

GRADUATES PER ANNUM:
150,000

LANGUAGES SPOKEN:
MALAY, ENGLISH

TIME ZONE:
GMT + 8 HOURS

**SPECIALIST OUTSOURCING
SECTOR:** FINANCIAL
SERVICES, CONTACT
CENTRES, HR