

ICT Strategy for the Nation

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Multimedia Development Corporation (MDC) CEO Datuk Dr Mohamed Arif Nun may have been trained in electrical engineering, but he finally ended up engineering the country's ICT strategies. In fact, Dr Arif tinkered with ICT and the knowledge economy long before the two phrases became part of today's generic vocabulary. From 1991 to 1996, he served as Deputy Director-General at ICT think-tank MIMOS, where he had oversight for the corporate research programme. Between 1995 and 1996, he advised the Government on the telecommunications, information and multimedia infrastructure of Putrajaya. Today, his principal tasks in the MDC hot seat are to mould the MDC into a high-performance outfit and to translate the MSC vision into reality.

Some of the vision has already come to fruition. As of December 2004, the MSC boasted a total of 1,157 MSC-Status Companies, which included 1,106 technology outfits, 39 institutions of higher learning and 12 incubator companies. But the MSC still has some way to go before fulfilling its ultimate task, which is to catapult the country into the ranks of mature knowledge economies.

Below, Dr Arif shares his insights on MDC's strategies and challenges in shaping both the MSC and the country into world-class ICT entities:



Datuk Dr. Mohamed Arif Nun, MDC Chief Executive Officer

MSC.COMM: The MSC-IAP is an important element in generating new ideas and strategies for the Corridor, and in benchmarking against the world. What were the key findings at the 8th MSC-IAP?

Dr Arif Nun (DAN): One key finding is that ICT cannot afford to be elitist. It must benefit all citizens; therefore, we need to roll out the MSC swiftly to the rest of the country, which in turn will help enhance the local ICT industry. Hopefully, by

achieving a national roll-out, we can increase the usage and adoption of innovative domestic ICT products and services. Achieving economies of scale through wider usage will make ICT applications and services more cost-effective and better serve the daily needs of the population. Furthermore, ICT can be employed to enable and drive key national priorities such as biotechnology and agriculture and this can move us closer to our goal of becoming a mature knowledge economy.

The Flagship Applications Action Plan will be a key strategy in driving the national roll-out, and we will focus on education, health, procurement and entrepreneurship to drive the holistic adoption of ICT technologies.



Education is crucial because ICT skills development should start at the primary and secondary school levels in order to improve workforce quality. Smart schools will be emphasised, in line with the Prime Minister's goal for 10,000 schools to be transformed into smart schools by 2005. As universities are an integral part of the MSC strategies, we should enhance partnerships among companies, universities and government.

Tele-health, in particular tele-consultation, will be rolled out to more rural hospitals and clinics. Government procurement too can be a tool to drive ICT, if government agencies and government-linked companies act proactively to use MSC products and services.

E-Business projects will be crucial in deploying MSC products and services to the general public. For example, the Efficient Consumer Response (ECR) project targets the coding of 15,000 items and involves 300 manufacturers and 10 retailers. A Manufacturing Exchange is in the pipeline and

will expand the marketplace for automotive component suppliers. Other E-Biz anchor projects in tourism, entertainment, SMEs and transportation are enroute to launching in the near future.

MSC.COMM: I understand that the MSC needs to attract better funding, especially from investors, to sustain growth. What strategies does MDC intend to use to attract greater investment in the MSC?

DAN: Our key strategy is to brand and market the MSC as a premier global ICT investment location. Principally, MDC is executing this strategy under a newly-defined programme called InvestMSC which is developed, managed and spearheaded by MDC's recently-structured marketing and branding division.

Aside from InvestMSC, two other programmes are central to our FDI strategy. The first is GlobalReach, which will intensify the branding and marketing of the products and services of MSC-status companies. The second is the Community Reach programme, which aims to promote the importance of ICT uptake among Malaysians.



For 2005, the InvestMSC and GlobalReach programmes will target several regional blocs where we will actively market the MSC and its products and services. We will leverage on and collaborate with strategic partners and networks such as the OIC and Asean, government agencies such as MATRADE and MIDA, MSC-IAP members, private sector companies, embassies and MSC's representative offices in Dalian, China, and Jeddah, Saudi Arabia. We are particularly excited about the role to be played by our foreign MDC offices, which were launched only in December 2004. For instance, through the Dalian office, we hope to attract Chinese ICT companies to use MSC facilities as a testbed for their applications and the MSC as a gateway to Southeast Asian markets.

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MSC.COMM: Outsourcing has been a notable pillar of growth for the MSC. Big names in the MSC which have set up call and marketing centres include Nokia, DHL, Shell, HSBC, and BMW. How does the MDC intend to stimulate further growth in outsourcing and shared services, particularly in the wake of fierce competition?

DAN: The shared services and outsourcing industry is becoming one of the largest sectors in the MSC, with investments of over RM1 billion so far. It is estimated that this particular sector has generated nearly 7,000 export-oriented shared services jobs as of May 2004, and an estimated 18,000 similar jobs in the rest of Malaysia.

Growth in this sector is favourable not just for employment and income creation, but also acts as a source of transfer of skills and competencies to local knowledge workers and enlarges our exposure to international best practices and standards.

According to the global consulting firm A T Kearney's 2004 Offshore Location Attractive Index, Malaysia ranked third behind India and China as the most attractive destination for shared services and outsourcing activities. It is particularly

notable that Malaysia outranked other prominent destinations such as the Philippines, Ireland, Singapore and Thailand.

Of course, we can't rest on our laurels since everybody wants to grab a piece of the outsourcing pie. It is a huge pie: Gartner Research found that 400 of the Fortune 500 will be employing offshore resources by the end of 2004, 33% more than in 2003. By 2007, the business process and information technology global market for outsourcing is projected to exceed US\$500 billion.

Our challenge is to create 60,000 jobs in the Multimedia Super Corridor (MSC) by 2008, staving off competition from the afore-mentioned countries in the process. Specific future measures to attract more business are being put in place. Importantly, we need to improve local talent and industry capability by lowering the cost of training knowledge-based employees and improving the technical capacity of our software solutions providers. By generating cost improvements, we will be able to compete better with the two giants of offshore outsourcing, India and China. Diversification of services and identifying niches are also crucial, since this will enable us to develop new service competencies in the long term that match our key strengths.

Outsourcing



MSC.COMM: Malaysia has frequently been criticised for lacking the creative "hothouse" environment that produces sterling technopreneuers. What is the MDC doing to address problems in creating a viable technopreneur and entrepreneurial base that can act as a fillip for the MSC?

DAN: There is a two-pronged reason for our emphasis on technopreneurship. One, economies are increasingly being driven by the culture of technopreneurship, as proven by the dominance of global companies like Microsoft, General Electric and IBM. Two, although Malaysia is relatively competitive in the global arena, we cannot guarantee that we will continue attracting all the biggest names in ICT and business to the MSC. The route to long-term sustainability is to nurture our own talents.



Therefore, if we are to build a vibrant ICT industry and subsequently a self-reliant ICT economy, we need to create a vibrant pool of technopreneurs. The MDC has moved to kickstart a technopreneur culture via the MSC Technopreneur Centre, which has developed a SYOB (Start Your Own Business) programme aimed at helping ICT graduates create their own employment opportunities by enhancing their skills or retraining them with the required technical knowledge, business skills and supporting resources for starting a new ICT venture.

SYOB includes a three-month industrial attachment with the MSC-TDF (Technopreneur Development Flagship), advisory services in preparing a viable business plan, and other necessary modules for developing technopreneurship skills.

MSC.COMM: Malaysia is a small market, and exports are crucial in maintaining and expanding economic growth. MSC-status companies have been identified as a key element of the export drive. What are MDC's strategies with regards to heightening Malaysia's ICT exports?

DAN: Like I said earlier, we are leveraging our international networks in order to build awareness of the MSC as well as Malaysia's ICT products and services. Our MDC offices in Jeddah, Saudi Arabia and Dalian, China will act as regional hubs and identify opportunities for MSC-status companies to tap the booming developing markets of China and the Middle East.

In Jeddah, we will co-operate with the Jeddah Chamber of Commerce and industry in areas such as technology transfer, SME and entrepreneur development, incubation, and training and manpower development. They are particularly interested in learning from our experience in leveraging the MSC to stimulate economic growth, job creation and social development, meaning that the MSC could be an exportable model providing Malaysia with global consulting opportunities.

By: Nazatul Izma Abdullah

