

MSC MALAYSIA RESEARCH & DEVELOPMENT GRANT SCHEME (MGS)

ABOUT MGS

One of the main goals of the Multimedia Super Corridor (MSC) is to catalyse and nurture a competitive cluster of Malaysian ICT/multimedia companies that will become world class over time. Multimedia Development Corporation (MDeC) has been entrusted to manage the grant and oversee the progress and completion of funded projects.

AIMS OF MGS

MGS aims to:

- Encourage and establish vibrant research and development activities by local companies leading to innovative ICT/multimedia products that possess significant commercial potential.
- Increase the creation of Intellectual Property (IP) that enables companies to compete globally.
- Strengthen the R&D capabilities of Malaysian knowledge workers.

ELIGIBILITY

- At the time of application, the applicant must fulfill these requirements:
 - 1) Is a company incorporated in Malaysia; and
 - Is not the subject of a winding up order; and
 - Has a paid up capital of at least RM100,000; and
 - 2) More than 50% of the legal and beneficial ownership of the applicant is vested in Malaysian(s); and
 - 3) More than 50% of the employees of the applicant must be Malaysians; and
 - 4) The applicant shall not be a recipient of, or have previously received, any funding (other than property financing and car loans etc.) from MDeC and/or any other Government Ministries or agencies, targeting R&D phase of product life-cycle; and
 - 5) The applicant must be an MSC Malaysia Status Company and comply with all the following conditions:
 - a. Meet the location requirements as specified in the MSC Malaysia Status Conditions of Grant; and
 - b. Have completed and responded to surveys conducted by MDeC including the AQIR and SCORE+ attained Tier 2 – Tier 4 (with Star rating of 1.0 and above); and
 - 6) Work on the project which is the subject of the Grant application (“Proposed Project”) has not started.

APPLICATION FEE

A non refundable processing fee of RM5,000 is payable upon submission of the final application documents.

PROJECT ASSESSMENT CRITERIA

MGS applications will be assessed with the following criteria:

- **Technical merits**
 - ✓ Significance of the R&D or systems development work in that technology field
 - ✓ Acquisition of new knowledge and skills
 - ✓ Unique innovation or a modification of similar product in the market
 - ✓ Realistic, measurable and achievable project activities, milestones, resource allocations and timelines
 - ✓ Risks identification and management plan
 - ✓ Project team related experience and background / track record in similar project
 - ✓ Active involvement of Malaysian knowledge workers in the project
 - ✓ Appropriateness of the proposed equipment, facilities and other support
- **Commercialisation merits**
 - ✓ Target market defined
 - ✓ Credible projections of future market growth
 - ✓ Clear understanding of the competitive landscape within the target markets
 - ✓ Credible positioning strategy for the proposed product vis-a-vis competitors
 - ✓ Clear sales targets and market share goals
 - ✓ Potential to increase exports and replace imports
 - ✓ Evidence of Marketing, manufacturing and licensing arrangements
 - ✓ Legal and trade barriers adequately addressed
 - ✓ Marketing expertise and experience
- **Financial merits**
 - ✓ Integrity in cost estimates
 - ✓ Reasonableness in the financial assumptions
 - ✓ Financial management capabilities and resources
 - ✓ Company's financial standing

FUNDING

- The MGS will provide a grant of up to 50% of the approved total project cost or RM1.2 million whichever is lower. The amount of the grant approved will be determined by the merits of each case.
- Repayment is **not** required

DISBURSEMENT AND MONITORING GUIDELINES

- Each project is funded for up to 1 year only.
- There are four disbursements throughout the project duration:
 - An advance of 25% for approved capital expenditure to be paid out before project commencement date
 - 25% of the approved grant amount to be paid out upon verification of half yearly milestone.
 - 25% of the approved grant amount to be paid out at the end of project upon verification of commercial ready prototype.
 - Final 25% of the approved grant amount to be paid out at the end of project upon verification of IP creation.
- The Technology and Commercial Evaluation Committee will conduct periodic site visits to the R&D site to verify and confirm achievement of agreed milestones before any disbursements are made.
- Only project costs directly related to meeting the objectives of the declared R&D / system development work are eligible for MGS funding. Disbursements will only be made on full submission of project progress and expenses report including the following:
 - i) Timesheets that have been signed by staff and certified by the Project Manager
 - ii) Certified pay slips and EPF / SOCSO statements
 - iii) Receipts for IP registration, rental of research facilities and equipment / software purchased
 - iv) Declaration that the proposed R&D / system development work was conducted in its entirety by the company
 - v) Compliance to all MSC Malaysia Status conditions throughout the funding period

MGS APPLICATION AND APPROVAL PROCESS

The MGS application and approval process includes the following:

- Eligible MSC Malaysia Status Companies are to indicate in writing its intention to submit a MGS proposal. The letter must also state the proposed project title and contain a brief description of the proposed R&D / system development

project. An Account Manager will be assigned to assist the applicant in preparation of the proposal.

- The Account Manager will liaise with the applicant to ensure that the proposal contains all the required information. The Account Manager will review the MGS draft application for completeness and provide feedback within 5 working days. Based on the feedback, MGS applicant will revise the MGS draft application accordingly. The review and revise cycle will continue until the MGS application is verified complete. Once the MGS application is verified complete, the MGS applicant will be advised to submit final MGS application with RM5K processing fee. The final MGS application will then be passed on to Fund Management Unit (FMU) for processing.
- Once the application is ready for formal review, the FMU will issue a *Letter Of Completeness* to the applicant signifying the start of the assessment process. The MGS application will be evaluated by the Technology and Commercial Evaluation Committee comprising of independent technical and commercial experts. Their recommendation will be submitted to the MGS Management Committee for the next review.
- The MGS Management Committee will review the recommendations of the Technology and Commercial Evaluation Committee in arriving at their final recommendation. The MGS Management Committee comprises of key government and industry stakeholders, as well as representatives of the Technology and Commercial Evaluation Committee.
- The final recommendation of the MGS Management Committee will be sent to the Ministry of Science, Technology and Innovation for its final decision.
- The expected turnaround time for each application is 60 working days, subject to the final review of the Ministry of Science, Technology and Innovation. *The outcome of the evaluation is final and no appeal will be entertained.*

CONFIDENTIALITY

As described earlier, all information provided by the applicant will be treated as strictly confidential and all parties involved are bound by applicable non-disclosure agreements.

AGREEMENT

The grant recipient will be required to sign an agreement pertaining to the project with the Multimedia Development Corporation.

SUBMISSION PROCEDURES

- Applicants are requested to prepare their MGS Application based on the MGS Application Template that can be downloaded at www.mscomalaysia.my.
- The following is to be observed when submitting a final application.
 1. Five hardcopies and one softcopy of the MGS application.
 2. Five hardcopies of your company's 3 year (if applicable) audited financial statement and management accounts
 3. Five hardcopies of your company's latest SSM forms (Form 9, 24, 44 & 49) and M&A
 4. Non-refundable cheque for RM 5,000 payable to Multimedia Development Corporation Sdn Bhd.
- All applications should be sent to:

Multimedia Development Corporation Sdn Bhd (389346-D)
Technology and Research, Enterprise Development
2360 Persiaran APEC
63000 Cyberjaya
Selangor Darul Ehsan

Toll free number (within Malaysia) : 1-800-88-8338
Telephone number (outside Malaysia) : +603-8315 3000
Facsimile : +603-8318 8786
Email : clic@mdec.com.my
URL : <http://www.mscomalaysia.my>

MGS Application and Approval Process

