OPPORTUNITIES IN THE MALAYSIAN ICT SECTOR FOR DUTCH BUSINESS

NL.IN.BUSINESS

MDBC
Malaysian Dutch Business Council

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EXECUTIVE SUMMARY

"Malaysia is a great starting place in South East Asia".

"Malaysia offers various niche opportunities in a relatively small market where it is easy to do business".

"Great place for a regional hub or back office location: motivated staff and a great place to live".

*"For those entrepreneurs that wish to tap into opportunities beyond the border,
Malaysia is a great place to start your adventure with a relatively low risk and a high enjoyment factor".*

"Malaysia has enormous growth potential, be bold, be brave, be patient and you will reap the benefits".

- Quotes by Dutch ICT companies operating in Malaysia

EXECUTIVE SUMMARY

- **Malaysia** is an **ideal location and cost-effective testbed** for Dutch companies that are interested to expand their business footprint into ASEAN.

- It is strategically situated with easy **accessibility to other countries** and has **robust infrastructure, connectivity and economic stability**.

- **The ICT sector in Malaysia** is one of the sectors with the **most significant development potential** and **one of the country's largest economic subsectors.** It has been identified as the key growing sector in the country that grows at the compounded annual growth rate (CAGR) 8.9% between 2019 and 2023, from RM16.5bil in 2018 to RM25.2bil in 2023. [61]

- It has a **holistic digital ecosystem**, a **complete ICT support system** with **interesting business opportunities for Dutch businesses**.

- **Malaysia** aspires in making the **Digital Leap into the Fourth Industrial Revolution** to drive shared prosperity, and in establishing Malaysia as **the Heart of Digital ASEAN**, to lead the region's digital economy growth. [19] The studies will present key findings from the identified matching four ICT subsectors for Dutch businesses, and they are: **Big Data Analytics (BDA) /Artificial Intelligence (AI), Cybersecurity, Data Cloud and E-commerce.**

- **Malaysia** has been one of the preferred destination for Dutch ICT companies for their global market expansion. Some of the significant Dutch brands that have been long and well established in Malaysia are Shell, Unilever, Dutch Lady, Phillips, and many others. Some of the Dutch ICT companies that had established their presence in Malaysia are Shell, Sam Media, Poet Farmer, Transition Experts and many others.

1.0

CONTEXTUALIZATION OF MALAYSIA AND ITS MARKET LANDSCAPE

1.1

THE **ASEAN REGION**

1.0 CONTEXTUALIZATION OF MALAYSIA AND ITS MARKET
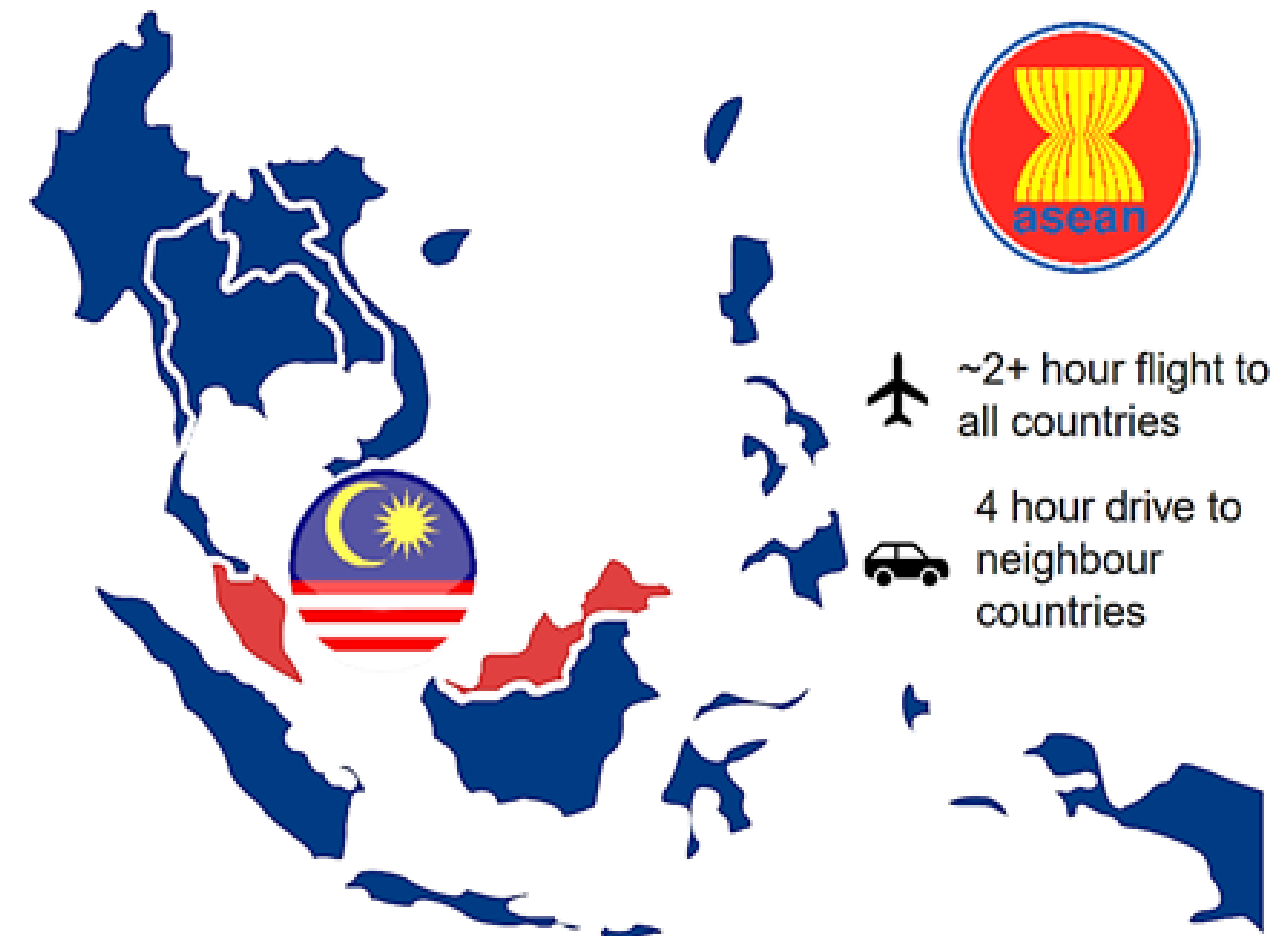
1.1 Malaysia, Heart of Digital ASEAN

ASEAN (the Association of Southeast Asian Nations), is **becoming a major economic force in Asia and a driver of global growth.**[9] It is made up of **Brunei Darussalam, Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam**.

The 5th largest economy:
- with the world's 3rd largest population. [7]
- with the world's 3rd largest workforce [13]
- with the world's 4th world trade value [13]
- with the world's 5th GDP [37]

According to a recent study by Facebook and Bain & Co [7]:
- 70% of consumers in ASEAN will go digital by end of 2020, 5 years ahead of the previous forecast
- with higher spending power and increased preference for contactless transactions amid physical distancing efforts as the key drivers.

~2+ hour flight to all countries

4 hour drive to neighbour countries

1.0 CONTEXTUALIZATION OF MALAYSIA AND ITS MARKET

1.1 Malaysia, Heart of Digital ASEAN

A key market for investors looking for growth and expansion to remain resilient. [7]

- With 400 million internet users (as of 2020) [13]
- GDP of up to EUR 2.06 trillion (USD2.5 trillion) with an average 6% growth [37]
- 649.1 million consumers from 10 countries (8.5% of world population); [2]
- 40% of citizens under the age of 30 are digital natives; [2]
- and a total digital literacy rate of 94%; [2]
- 70% of the region's population is now online. [37]

- **ASEAN's internet economy** is predicted to be worth EUR 255 billion (USD 309 billion) by 2025 [37]
- **ASEAN's digital economy** is 7% of its GDP; estimated to be EUR 825 billion (USD1 trillion) by 2025. [37]

- **A combination of:** ·[14]
  - Strong and vibrant economy;
  - Youthful demographics;
  - Rapid urbanization; and
  - Ongoing economic integration, makes this region an incredibly attractive market for business expansion

- Today, the **Netherlands is one of the region's largest EU investors and EU trading partners.**
- **Malaysia has a solid track record on digital investments** of which **23% comes from Europe.** [37]
- **Malaysia leads the region**, where **83% of its population are already digital consumers, the highest among the ASEAN members**·[18]

> ## 1.2
> # MALAYSIA,
> # HEART OF
> # DIGITAL ASEAN

1.2 Malaysia, Heart of Digital ASEAN

Making a Digital Leap into IR 4.O.

Malaysia aspires in making the Digital Leap into the Fourth Industrial Revolution to drive shared prosperity, and in establishing Malaysia as the Heart of Digital ASEAN, to lead the region's digital economy growth. [19]

Malaysia is the best springboard to ASEAN:

- strategically located in the heart of ASEAN; [14]
- a well-developed digital infrastructure;[14]
- an English-speaking business and consumer environment; [14]
- a well-established legal framework; [14]
- an ability to easily repatriate capital and profits; [14]
- a rich culturally diverse workforce and highly skilled and growing talent pipeline; [14]
- has business-friendly government policies.[14]
- offers attractive incentives for investors
- strong IP protection for technology innovators. [15]
- has friendly relations with all global powers [37]
- an ease of access to Asia [37]

Location Advantage
Situated in the heart of the largest & fastest growing economic region in the world

Tech To The Fore
One of the most technologically developed countries in ASEAN region

Seamless Connectivity
World-class airports, roads & rail networks

Lifestyle
Excellent housing, amenities, healthcare, medical facilities & educational institutions

Sophisticated Infrastructure
Well designed to serve the global business community

Business Friendly
High growth economy and English is widely spoken

People Power
A young, educated, multilingual and productive workforce

Progressive Policies
Liberal investment policies, attractive tax incentives & solid IP protection

1.2 Malaysia, Heart of Digital ASEAN

Establishing "Malaysia as Heart of ASEAN Digital"

1.2 Malaysia, Heart of Digital ASEAN

Dutch organisations operating in Malaysia

"Malaysia: Go for IT!"

"For entrepreneurs that wish to tap into opportunities beyond the border, Malaysia is a great place to start your adventure with a relatively low risk and a high enjoyment factor".

Examples of Dutch MNCs operating in Malaysia

Dutch organisations operating in Malaysia in ICT sector
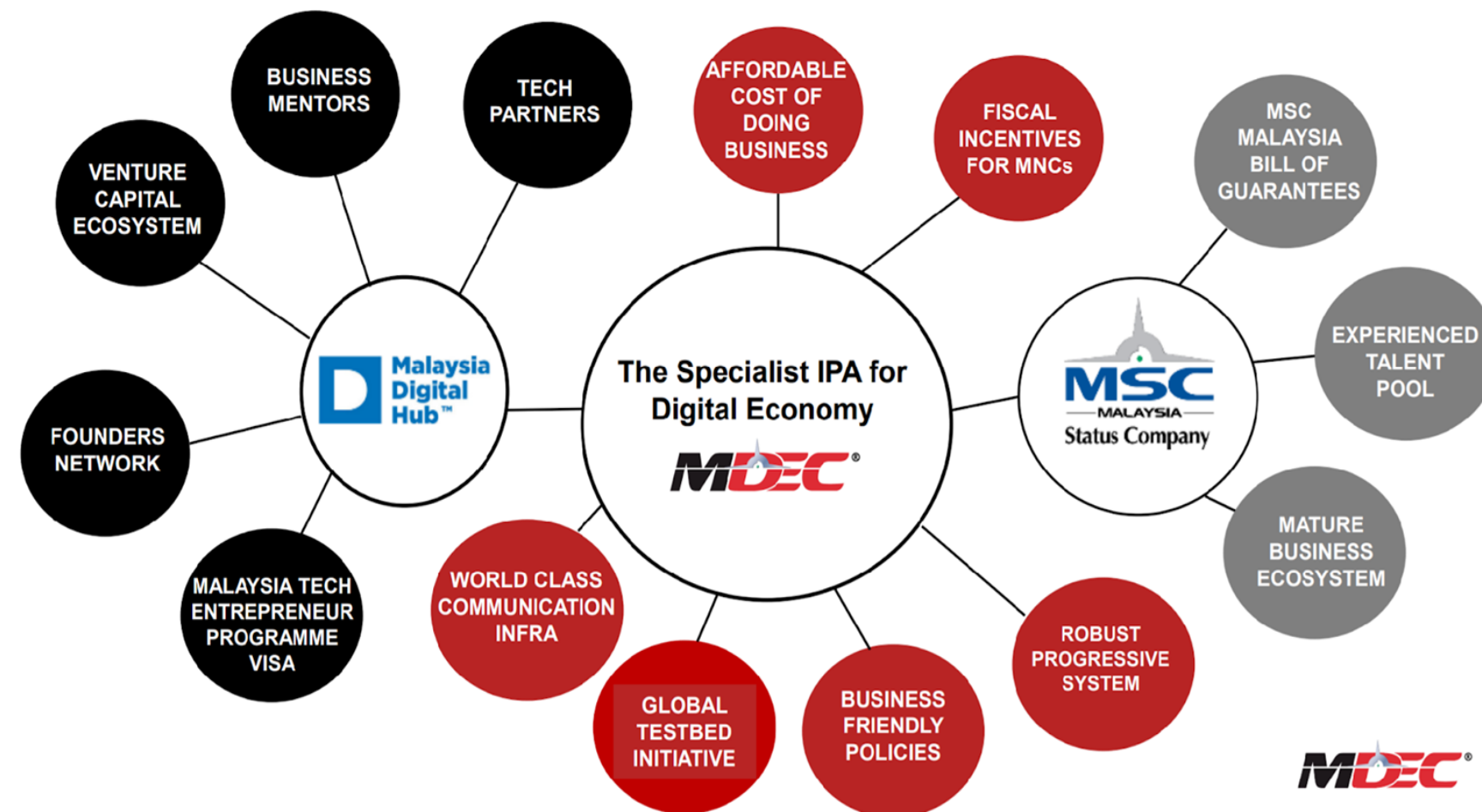
1.0 CONTEXTUALIZATION OF MALAYSIA AND ITS MARKET
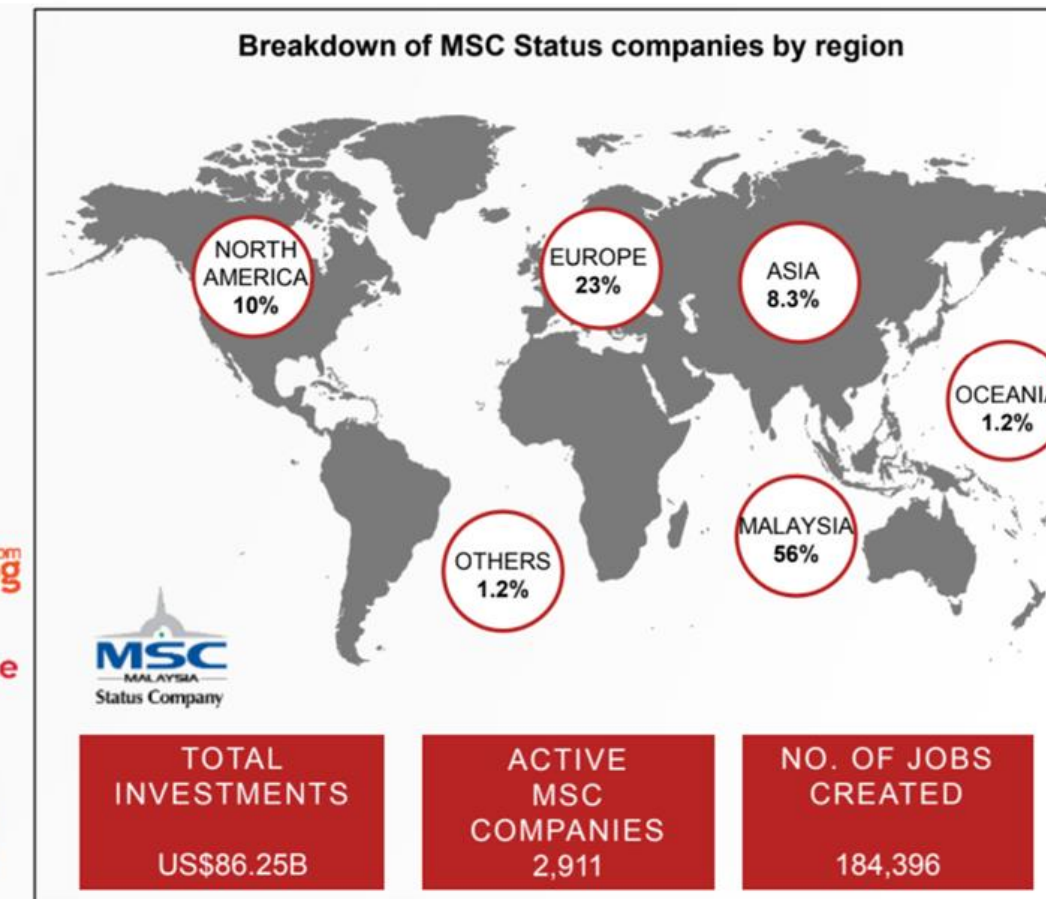
1.2 Malaysia, Heart of Digital ASEAN

Malaysia – Digital Investments

"Great place for a Regional Hub or Back Office location: motivated staff and a great place to live"

Malaysia has a solid track record to attract digital investments, especially from Europe.

Breakdown of MSC Status companies by region

- NORTH AMERICA 10%
- EUROPE 23%
- ASIA 8.3%
- OCEANIA 1.2%
- OTHERS 1.2%
- MALAYSIA 56%

MSC MALAYSIA Status Company

TOTAL INVESTMENTS	ACTIVE MSC COMPANIES	NO. OF JOBS CREATED
US$86.25B	2,911	184,396

Notes:
1. USD1 = RM4
2. Figures as at Dec 2019

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1.3
MACRO OUTLOOK:
PESTEL ANALYSIS

1.3 Macro Outlook – PESTEL Analysis

1.3.1 Political

The Strong Bilateral Relationships between Netherlands and Malaysia

- The Netherlands and Malaysia have had a long trading history, saw the Dutch set foot on Malaysian land in the 17th century.

- **The favourable political and economic bilateral relationship** continues today, where both countries are gateways to their respective region: where the Netherlands is the gateway to Europe, Malaysia is the gateway to ASEAN.[10]

- Malaysia and the Netherlands have strong economic ties and total bilateral trade and investment:
  - recorded EUR7.2 billion of inflow investments from the Netherlands in 2019 [12]
  - placed the Netherlands as the 5th ranked source of foreign investments. [12]

- The Netherlands is the top country for FDI flows. [6]

- Both Netherlands and Malaysia have well-established trade relationship and see potential opportunities and synergies within the ICT sector.
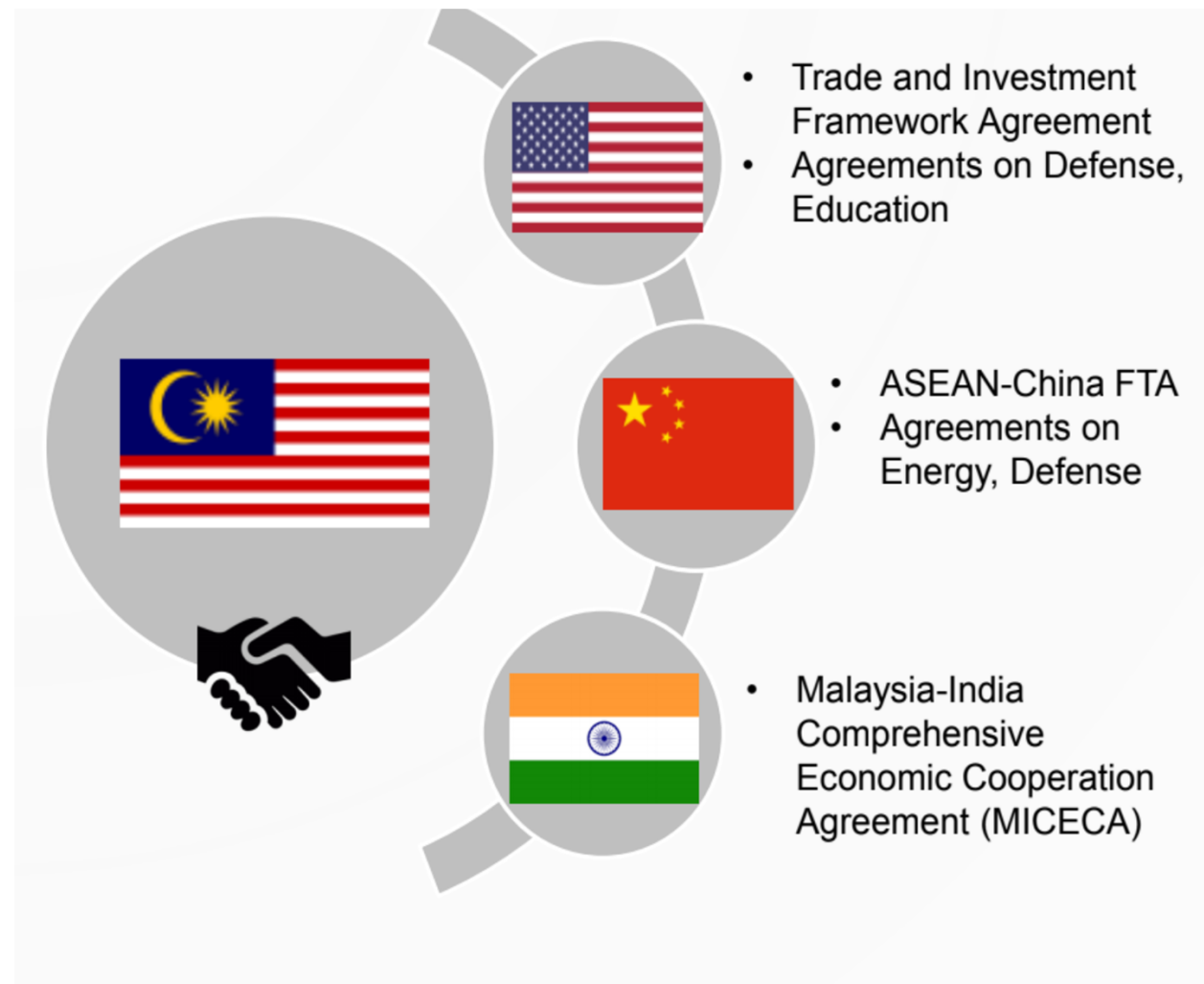
1.3 Macro Outlook – PESTEL Analysis

1.3.1 Political

- Trade and Investment Framework Agreement
- Agreements on Defense, Education

- ASEAN-China FTA
- Agreements on Energy, Defense

- Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)

Malaysia has maintained friendly ties with foreign governments…

- History of cooperation and friendship
- Shared heritage, culture and languages
- Act as a link into the Asean and Muslim markets
- Close private sector partnership in digital technology industries

…whilst ensuring a business friendly environment for all companies

- Officially joined the OECD Inclusive Framework (IF) on BEPS as Associate Members
- Signatory to the Paris Convention & Berne Convention which govern world intellectual property rights
- International hub for arbitration
- Ranked 2nd in Protecting Investors by World Bank Doing Business Report 2020

OECD

WIPO WORLD INTELLECTUAL PROPERTY ORGANIZATION

AIAC ASEAN INTERNATIONAL ARBITRATION CENTRE

THE WORLD BANK

1.3 Macro Outlook – PESTEL Analysis

1.3.1 Political

Malaysia's Country Snapshot:

329,613 km² total **land size**

Average **GDP growth** **4.84% per year** over the last 5 years

Population **32.6 million**

GNI per capita **US$10,870**

Majority race is **Bumiputera**, accounting for **69.3%** of the population

Average **inflation** **1.8% per year** over the last 5 years
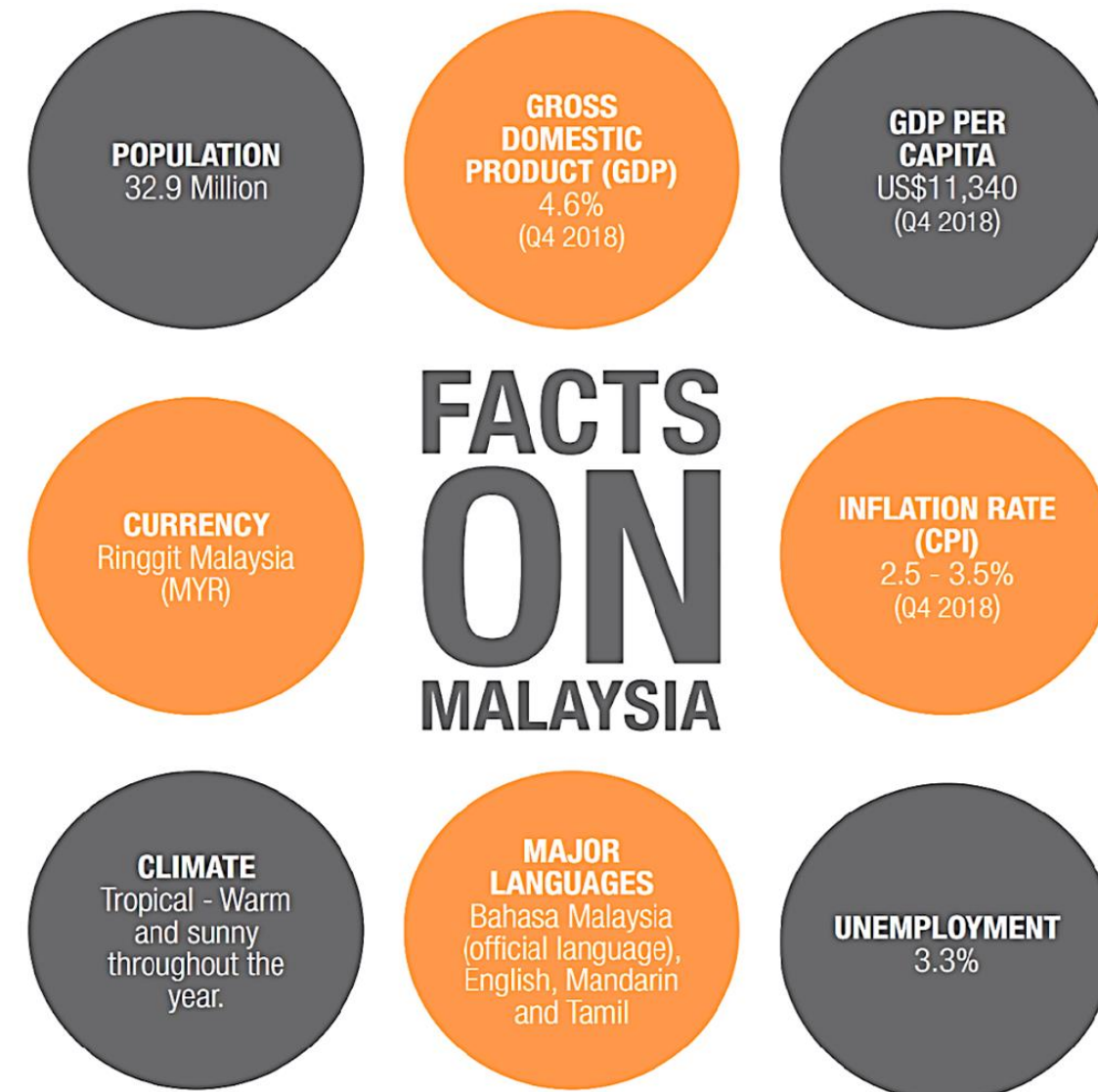
POPULATION 32.9 Million

GROSS DOMESTIC PRODUCT (GDP) 4.6% (Q4 2018)

GDP PER CAPITA US$11,340 (Q4 2018)

CURRENCY Ringgit Malaysia (MYR)

FACTS ON MALAYSIA

INFLATION RATE (CPI) 2.5 - 3.5% (Q4 2018)

CLIMATE Tropical - Warm and sunny throughout the year.

MAJOR LANGUAGES Bahasa Malaysia (official language), English, Mandarin and Tamil

UNEMPLOYMENT 3.3%

1.3 Macro Outlook – PESTEL Analysis

1.3.2 Economic

Malaysia's Digital Economy:

- is at the forefront of the nation's Shared Prosperity Vision 2030. [32]
- contributed 19.1% to the nation's GDP in 2019 [37]
- expected to reach 21% by 2022. [31]
- recognised as an ASEAN testbed and a digital society fuelled by many races and nationalities.[15]
- has supportive government policies, national frameworks on BDA, AI, IoT & eCommerce, to move nation forward[13]
- accelerating AI development across three key areas: Talent, Industry Development & High Impact Use Cases in the areas of smart cities & smart manufacturing [33]

Malaysia Annual Gross Domestic Product (GDP) 2014 -2019 (RM Mil)

○ % Digital Economy to GDP
■ Total GDP
■ Digital Economy

CAGR 5.26%
CAGR 7.24%

Year	2014	2015	2016	2017	2018	2019
% Digital Economy to GDP	17.0%	17.8%	18.2%	18.3%	18.7%	19.1%
Total GDP	1110	1160	1230	1350	1400	1510
Digital Economy	190	210	220	250	270	289

- Malaysia's **Digital Economy contributes 19.1%** to the Malaysian GDP
- The Digital Economy is **growing at a faster rate** as compared to our GDP

Source: Department of Statistics Malaysia

1.3 Macro Outlook – PESTEL Analysis

1.3.2 Economic (continued…

Business Friendly Environment: Malaysia is recognized at the Global Stage [13]

- 1st: "Malaysia emerged as the *world's best country to invest in or do business* for 2019, (CEOWORLD Magazine, 2019).
- 1st: INSEAD *Global Talent Competitiveness Index* 2020, Malaysia's Ranking in the World *for Upper Middle-Income Group*.
- 1st: BLOOMBERG *Emerging Market Scorecard* 2018, Malaysia's Ranking in Asia.
- 2nd: World Bank Group Doing Business Report 2020, Malaysia's ranking in *Ease of Doing Business within ASEAN*.
- 2nd: World Bank Doing Business Report 2020, Malaysia's ranking in *Protecting Investors*.
- 2nd: IMD *World Competitiveness* Ranking 2019, Malaysia's Ranking in ASEAN.
- 2nd: WIPO *Global Innovation* Index 2019, Malaysia's Ranking in the *Upper Middle-Income* category.
- 2nd: GIPC *International Intellectual Property* Index 2019, Malaysia's Ranking in South East Asia.
- 3rd: A.T. KEARNEY *Global Services Location* Index 2019, Malaysia's Ranking in the World.

1st INSEAD Global Talent Competitiveness Index 2020 (Malaysia's Ranking in the World for Upper Middle-Income Group)	**2nd** IMD World Competitiveness Ranking 2019 (Malaysia's Ranking in ASEAN)
1st BLOOMBERG Emerging Market Scorecard 2018 (Malaysia's Ranking in Asia)	**2nd** WIPO Global Innovation Index 2019 (Malaysia's Ranking in the Upper Middle-Income category)
2nd Ease of Doing Business Within ASEAN by World Bank Doing Business Report 2020 (Malaysia's Ranking in World Bank Doing Business 2020 Report)	**2nd** GIPC International Intellectual Property Index 2019 (Malaysia's Ranking in South East Asia)
2nd Protecting Investors by World Bank Doing Business Report 2020 (Malaysia's Ranking in World Bank Doing Business 2020 Report)	**3rd** A.T. KEARNEY Global Services Location Index 2019 (Malaysia's Ranking in the World)

World's Best Countries To Invest In Or Do Business For 2019 — CEOWORLD MAGAZINE — **1st** *"Malaysia emerged as the world's best country to INVEST in or do business for 2019, CEOWORLD Magazine revealed"*

1.3 Macro Outlook – PESTEL Analysis
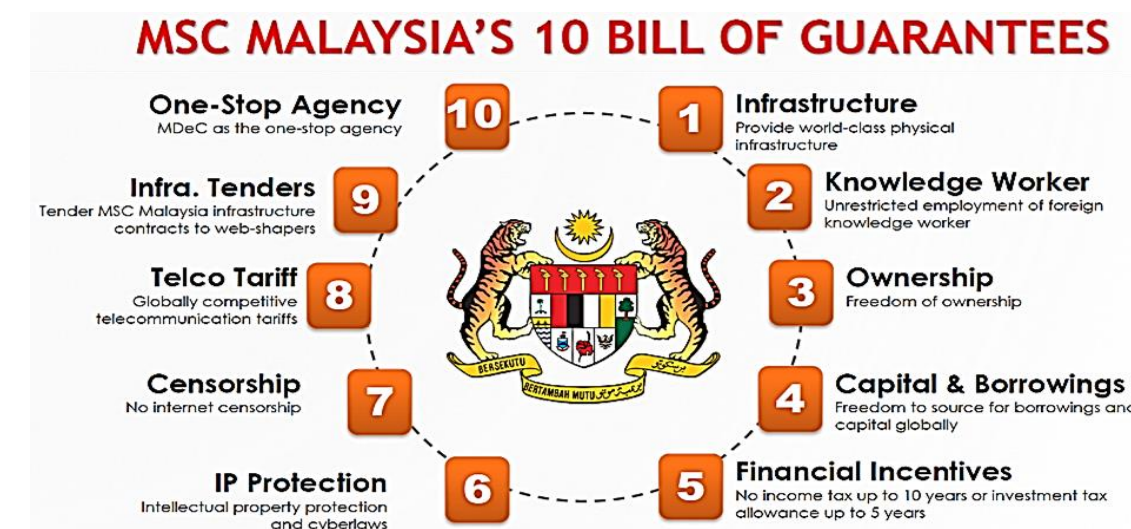
1.3.2 Economic (continued…

Government Incentives for foreign investments and Support

10 Bill of Guarantees by the Malaysian Government include: [37]
- Tax Exemption
- Unrestricted local/ foreign knowledge workers
- No Internet censorship

Incentives to attract investment:
- The establishment of National Committee on Investment (NCI), jointly chaired by Ministry of Finance (MoF) and Ministry of International Trade and Industry (MITI), to **expedite the process in approving foreign and domestic direct investments.** [32]
- To attract Fortune 500 companies and global unicorns, up to RM 1 billion (USD250 million) will be made available in **customized packaged investment incentives annually over 5 years** [32]
- Tax incentives to further **promote high value-added activities** in Electric & Electronics sector to transition into **5G digital economy and Industry 4.0** [32]
- Fast tracked foreign tech talent visa process [37]
- Visa exemption and express immigration process [37]

MSC MALAYSIA'S 10 BILL OF GUARANTEES

1.3 Macro Outlook – PESTEL Analysis

1.3.2 Economic continued…

Recent Budget 2021 announcement that are welcoming to ICT entrepreneurs: [23]
Sectors that continues to grow strongly such as **medical devices, e-commerce and logistics** in addition to **education technology (EdTech)**. This scenario coupled with the turmoil of global trade provides an opportunity for Malaysia to attract new companies, new investments and new economic opportunities.

- **IR 4.0:** RM1 billion for the Industry Digitalisation Transformation Scheme and RM150 million for the SME Digitalisation Scheme Grant & Automation Grant.

- **Artificial Intelligence:** allocated RM20 to create expertise in the field of AI and robotics among youth; and

- **Cybersecurity:** RM27 million to Cybersecurity Malaysia to enhance nation's cyber security.

- **E-Commerce:** RM150 million for training programmes, sales assistance and digital equipment to encourage adoption of e-commerce and RM150 million to implement initiative together with the e-commerce platform to encourage online spending;

1.3 Macro Outlook – PESTEL Analysis

1.3.3 Social

- Malaysia stood out from the rest and **recorded the highest percentage of digital consumers** among Southeast Asia countries **at 83%.** [18]

- 92% of new digital consumers in Malaysia **(4th in rank among ASEAN countries)** will continue to use at least one digital service post-Covid-19. [37]

- A new Digital **Talent Development Strategy Framework**, was designed to mobilize and coordinate the end-to-end nurturing of Malaysia's tech talent both locally and on the international stage. [32]

- **Demographics:**
    - with a population of 32.2 million; [37]
    - 83% internet user; [37]
    - 97% smartphone users; [37]
    - 82% broadband penetration, [13]
    - 31% of internet users use mobile to purchase. [13]
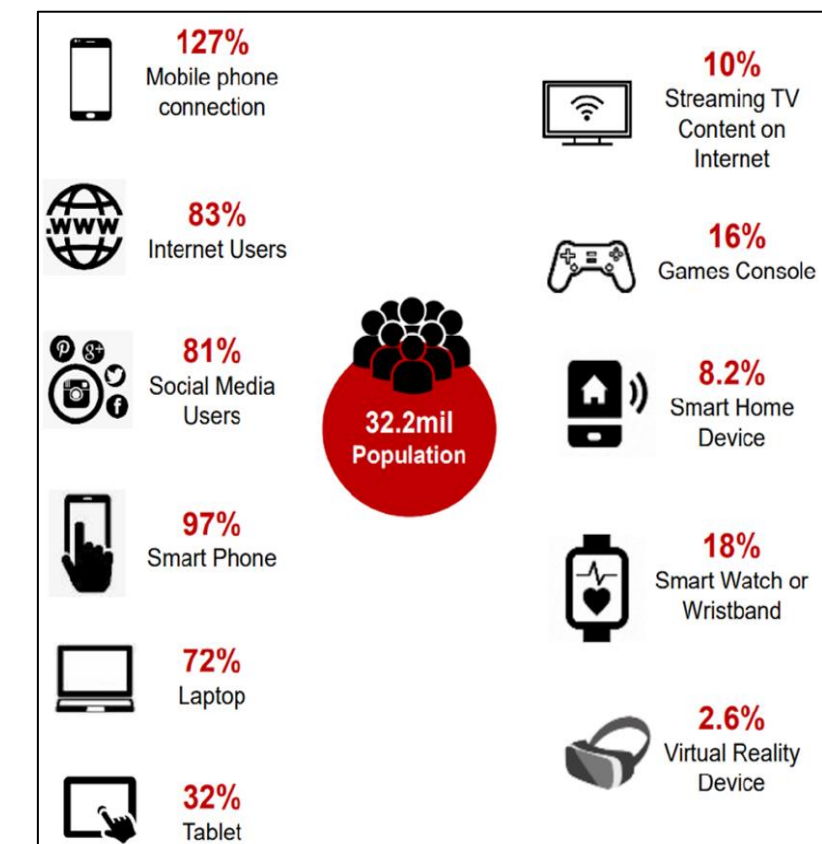
RESEARCH INTO DEVELOPMENTS, TRENDS, AND CHALLENGES OF THE ICT SECTOR IN MALAYSIA.

2.0

2.1

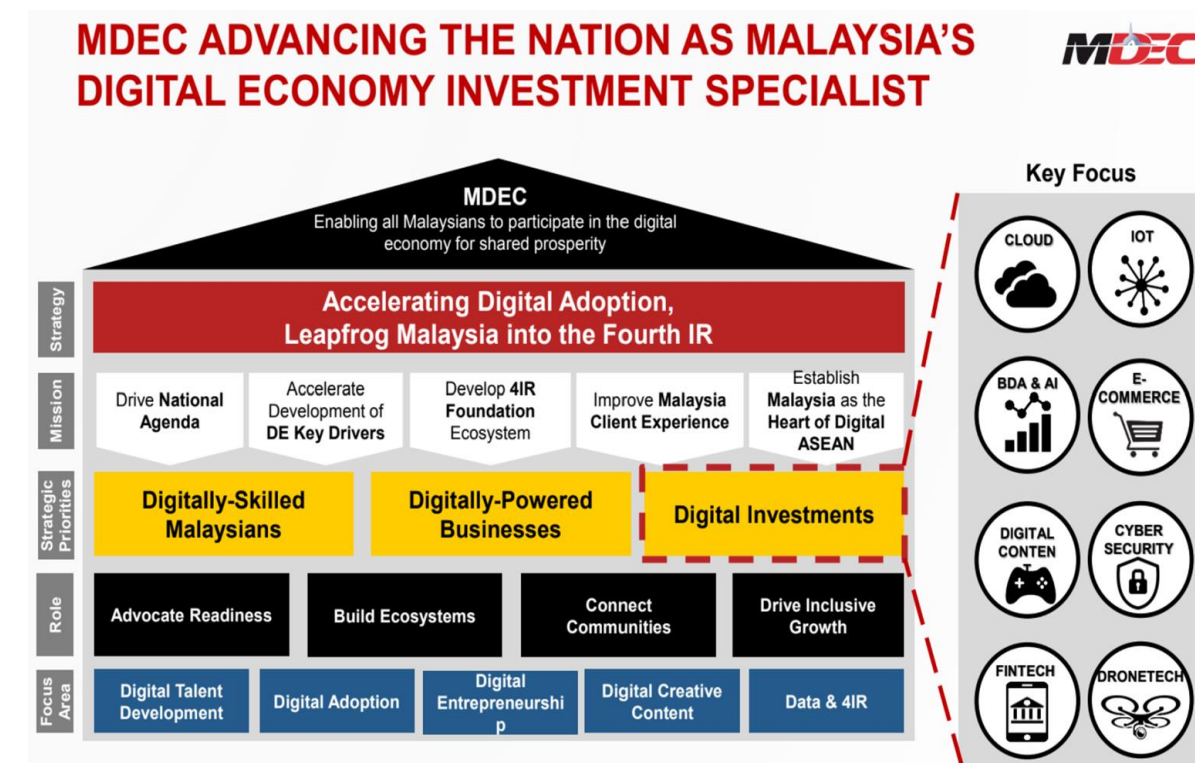# OVERVIEW OF THE ICT SECTOR:

DEVELOPMENT &AND TRENDS

2.0 RESEARCH INTO DEVELOPMENTS, TRENDS & CHALLENGES OF THE ICT SECTOR IN MALAYSIA

2.1 Overview of Malaysia's ICT sector – Development and Trends

- The ICT sector in Malaysia is one of the sectors with the most significant development potential and **one of the country's largest economic subsectors.**

- According to **Global Data's survey** on Malaysia's ICT development prospects, the compounded annual growth rate (CAGR) will be 8.9%, growing from RM16.5bil in 2018 to RM25.2bil in 2023. [61]

- The **forecast from consulting firm IDC** shows that ICT sector in Malaysia will account for 21.0% of GDP by 2022. [16]

- The sector consists of **Manufacturing, Information Services, Software and IT Consulting, and Telecommunication.**[5]

- This growth momentum is likely to continue thanks to a combination of government support, a youthful, tech-savvy population, and increasing digitization of SMEs among other factors. [49]

MDEC ADVANCING THE NATION AS MALAYSIA'S DIGITAL ECONOMY INVESTMENT SPECIALIST

2.0 RESEARCH INTO DEVELOPMENTS, TRENDS & CHALLENGES OF THE ICT SECTOR IN MALAYSIA

2.1 Overview of Malaysia's ICT sector – Development and Trends

- **Artificial Intelligence:** Latest research has shown that Artificial Intelligence (AI) technology can increase Gross Domestic Product (GDP) by up to 26% in the next decade. [207] Another recent study found that Malaysia's business leaders and workers hold positive viewpoints about the AI's impact on the future of jobs, where 82% of businesses prioritize skilling and reskilling of workers in the future. They plan to invest as much, or even more, in human capital than in new technology. [215] There is also an opportunity for Dutch businesses to capture the local market through acquisition and partnerships to gain industry-specific knowledge and skilled resources. Partner with vendors that can deliver relevant industrial and functional use cases that can augment vendor product offering as well as offer interoperable technology, and future proof building solutions.

- **Cybersecurity:** Malaysia is one of the top three ASEAN countries that are expected to contribute 75% of cybersecurity services market share by 2025. [215] Cybersecurity is an emerging new source of economic growth with a strong potential to add $1.0 trillion to the ASEAN Digital economy's GDP over the next 10 years. [217] However, with the increasing wave of cyber threats and risks could disrupt trust and resilience in the digital economy and prevent the region from realising its full digital potential. [217] Hence, there is opportunities to collaborate or partner with Dutch cybersecurity experts in facilitating critical skill set and growth of cybersecurity innovation.

2.0 RESEARCH INTO DEVELOPMENTS, TRENDS & CHALLENGES OF THE ICT SECTOR IN MALAYSIA

2.1 Overview of Malaysia's ICT sector – Development and Trends

- **E-Commerce:** Malaysia is a desired market for e-Commerce in Southeast Asia where an **estimation of US$28 billion** rise in GDP was seen in 2018. [55] Malaysia is forecasted to have the **highest growth rate (41.2%) for foreign e-commerce activities** in ASEAN by 2023, with expanding middle class, increasing foreign direct investment & evolution of payment infrastructure.[218] The fast-growing E-Commerce Market in Malaysia presents various opportunities for the Dutch business to export (to facilitate purchase of Dutch brands), enter via local partner to capture the local market share.

- **Data Cloud:** Malaysia's data center market size is predicted to surpass EUR800 million by 2025. [219] **Mobility, cloud computing, data analysis, storage and business process outsourcing** will be the five leading IT solution domains. [52] One of Malaysia's five leading IT solution domains, **cloud computing is expected to have an annual growth rate of 19.1%.** [52] Business-process outsourcing needs are expanding in Malaysia and providing a base for cloud computing growth and IT security solutions. [220] Businesses are now forced to adapt to work from home working arrangements, a huge leap in cloud computing adoption. Due to the strategic location, high domestic consumption, rapid advancement in digitization and incentives from the government, data centres are becoming a valuable asset.

2.0 RESEARCH INTO DEVELOPMENTS, TRENDS & CHALLENGES OF THE ICT SECTOR IN MALAYSIA

2.1 Overview of Malaysia's ICT sector – Development and Trends

2.1.1 Digital Ecosystems

- **Malaysia's Digital Ecosystem consists of 5 key categories**, and they include Digital Talent Development, Digital Entrepreneurship, Digital Adoption, Digital Creative Content, Data & 4IR. [13]

- **The key focus areas** that cut across these categories are: [13]
  - Big Data Analytics (BDA)
  - Artificial Intelligence (AI)
  - Data Centre Cloud
  - Cybersecurity
  - Digital Content
  - DroneTech
  - E-Commerce
  - Fintech
  - Internet of Things (IoT)
  - Blockchain
  - Talent Development
  - Venture Capitalists (VCs).

2.1   Overview of Malaysia's ICT sector – Development and Trends

2.1.2 Digital Talents

- **Malaysia's Budget 2021** includes financial grants and incentives for businesses, mainly targeting SMEs, to increase their competitiveness and adaptability in the digitisation process through upskilling. [46] The Government has allocated RM100 million allocation for upskilling

2.2

STRATEGIC CHALLENGES AND OPPORTUNITIES

2.2 Strategic Challenges and Opportunities

Strategic Objectives	Challenges	T1 Drive digital transformation in the public sector	T2 Boost economic competitiveness through digitalisation	T3 Build enabling digital infrastructure	T4 Build agile and competent digital talent	T5 Create an inclusive digital society	T6 Build trusted, secure and ethical digital environment
1 Drive digital transformation in the public sector	The need to have digital-first mindset and higher digital technology adoption across the public sector	S1: Managing change for effective digital transition	S1: Facilitating digital adoption, access and effective use of digital technology across all firm sizes & digital maturity level	S1: Utilising regulatory measures to expand infrastructure coverage	S1: Integrating digital skills into education at primary and secondary level	S1: Increasing inclusivity of all Malaysians in digital activities	S1: Strengthening safety and ethics in digital activities and transactions
2 Boost economic competitiveness through digitalisation	The need to build a more supportive ecosystem for local enterprises to digitalise	S2: Leveraging digital technology to improve workflow efficiency and productivity	S2: Accelerating industry development by enhancing local participation	S2: Leveraging digitalisation to address legacy challenges	S2: Shifting focus of vocational and tertiary education from job-specific skills to competencies and adaptability	S2: Empowering special target groups in the society to participate in the digital economy through entrepreneurship	S2: Enhancing institutions commitment to personal data protection and privacy
3 Build enabling digital infrastructure	The need for better deployment of quality broadband and digital technologies infrastructure	S3: Enhancing digital skill sets of civil servants	S3: Streamlining regulatory requirements to respond to digital economy and encourage innovative business models	S3: Enhancing digital technology infrastructure capabilities	S3: Reskilling current workforce with the digital skills needed to stay relevant		S3: Improving cross-border data transfer
4 Build agile and competent digital talent	The need to nurture a future-ready workforce	S4: Utilising data to improve government services					
5 Create an inclusive digital society	The digital divide among income and age groups, and between gender need to be narrowed	S5: Increasing scope and quality of online services for better user experience	S4: Developing digital industry cluster and driving entrepreneurial activity		S4: Ensuring that gig workers are protected and equipped with the right skills		S4: Increasing cyber security uptake among businesses
6 Build trusted, secure and ethical digital environment	The need to build trust and ethics in using data and technology as well as increasing awareness on cyber security						

2.0 RESEARCH INTO DEVELOPMENTS, TRENDS & CHALLENGES OF THE ICT SECTOR IN MALAYSIA

2.2 Strategic Challenges and Opportunities

MDECs **strategic focus** to drive Malaysia's digital economy for **shared prosperity**

1 Digitally-Skilled Malaysians

Upskilling all Malaysians to be digitally skilled and contribute to the growth of the leading digital economy in ASEAN

2 Digitally-Powered Businesses

- Clear end-to-end support for business;
- Growing Startups,
- Digitalising SMEs
- Globalising Scale Ups

3 Digital Investments

Recognised globally for;
- Animation, game development, and esports;
- Data Centres;
- Global test bed for next-gen tech

MDEC®

3.0

MALAYSIA:
ICT SECTOR ANALYSIS

3.1
MATCHING DUTCH STRENGTHS
TO MALAYSIA'S ICT NEEDS

3.1.1 OPPORTUNITIES MAPPING: ICT SECTOR IN MALAYSIA

Opportunities Dutch ICT entrepreneurs in the Malaysia ICT sector:

- **Collaboration and Partnership Opportunities:**
  - to capture local market share via collaborating or partnering with local businesses, consulting/ training providers, agents or distributors.
- **Opportunities to setup Regional hub office/ back-office in ASEAN**
  - to leverage on the local government's incentive for setting up regional hub/ back-office in Malaysia.
  - to leverage on the strategic location and lower operational costs in serving clients in and around the region.

Malaysia welcomes Foreign ICT Collaborators / Partners / Investors with these key characteristics:
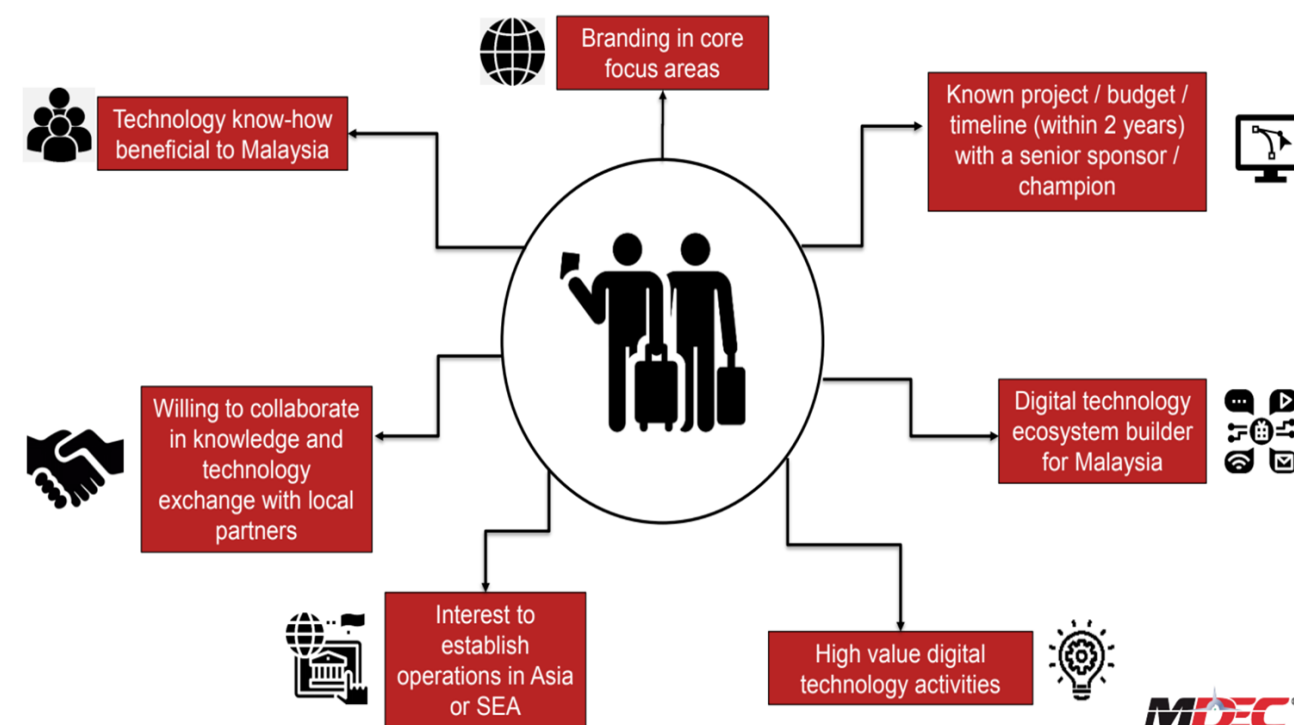
3.1.1 SWOT ANALYSIS - DUTCH ICT VS MALAYSIA ICT

S — STRENGTHS (FOR THE DUTCH)
- World's leading countries in ICT
  - #1 Most Connected Country in the World
  - #1 for Digital Intensity
- Top 10 Biggest Export Economies in the world
- Top 4 World ICT exporters
- World-Renowned ICT Institutes and Research Centres
- Europe's Leading Cybersecurity Hub & Largest Security Cluster

W — WEAKNESSES (FOR MALAYSIA)
- Malaysia as a country is lesser known as Global City
- The lack of a digital-first mindset
- The lower digital technology adoption rate
- The need for deployment of quality technology & infrastructure
- The need to nurture a future-ready workforce
- The growing Digital Divide in age, gender & ncome within the country needs to be narrowed

O — OPPORTUNITIES (FOR DUTCH BUSINESSES)
- Malaysia's Digital Economy Blueprint: highlighting intentions, potentials, supportive government frameworks, and available budget allocation.
- To export technical expertise & technology
- To enter and capture the local market via collaboration, partnerships, acquisition, distributorship, or joint venture agreements with local partner
- To establish business operations and serve the market in the region

T — THREATS (TO MALAYSIA)
- Ranked 5th worst for Personal Data Protection
  - The need to build trust and ethics in using data and technology
- Huge business, societal and financial impact due to unaddressed cybercriminal rate
  - The need to increase awareness in cybersecurity
  - The need to address cybercrime issues
- High Internet censorship
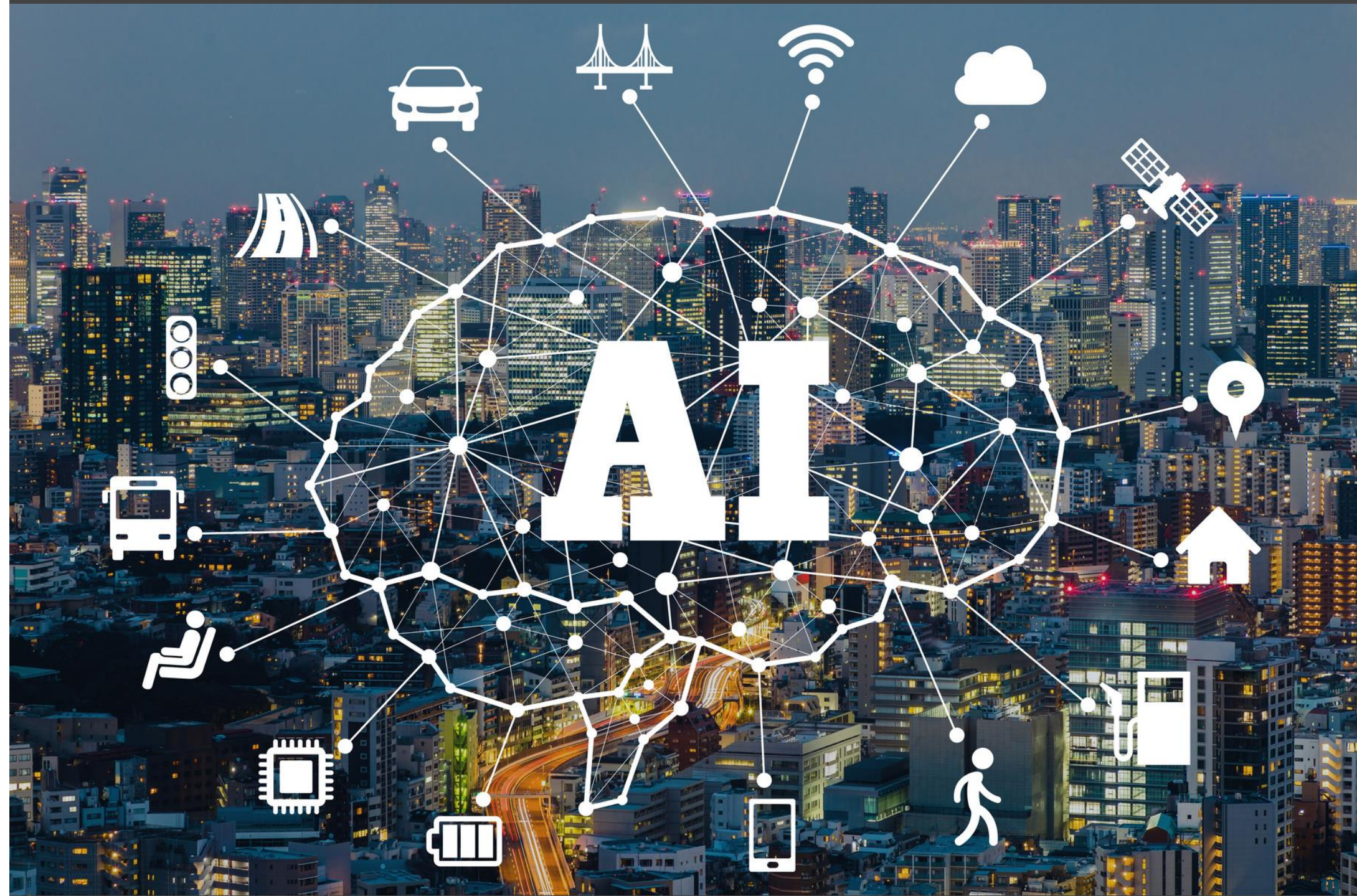
N1. BIG DATA / AI

"

01

EDUCATION

01 Education:

Dutch Consultancy/ Training Provider:
- **Collaboration/ Partnership Opportunities with Malaysia's Education/ Training Providers**, and opportunity to leverage on the Malaysian government's budget allocations
    - RM100 million, transiting workforce into digital economy, heavy emphasis on **digital skills**. [23]
    - RM20 million in the field of **AI and robotics among youth**. [23]

Dutch Talent/ AI Experts:
- **Collaboration/ Partnership Opportunities with local Education or Research Institutions to contribute their expertise via programme or R&D initiatives.**
    - There is a global shortage of AI talent; Malaysia, needs to further upgrade **talent to further grow their AI ecosystem**. [221]

Dutch AI Technology Solutions Provider:
- **Collaboration/ Partnership Opportunities with local Government – The Ministry of Education, Malaysia**
    - The Education sector in Malaysia is open to collaborate with foreign AI technology solution providers to **increase digital skills** and **personalise educational path**.

O2
MANUFACTURING
& LOGISTICS

O2 Manufacturing & Logistics:

Ai usage in South-East Asia is mainly for **marketing and sales**, followed by **manufacturing and supply chain/ logistics**. [160] Dutch businesses can ride on the existing strength of Malaysia in semiconductor and manufacturing, to lead Southeast Asia in terms of AI technology and its deployment. [146]

Dutch IR4.0 Experts/ Consultants
- **Collaboration/ Partnership opportunities with local businesses/ manufacturers** to share their AI technical know-how expertise to help local **manufacturers with automation processes** and **improve logistics efficiency**, to **boost Malaysia towards IR4.0**.
- **Collaboration/ Partnership opportunities with local consultants or service providers** to leverage on the Malaysian government's budget allocation specifically for IR4.0 initiatives:
   - RM1 billion: Industry Digitalisation Transformation Scheme and[231];
   - RM150 million: SME Digitalisation Scheme Grant & Automation Grant[231]

To help manufacturer/ labour-intensive industries to decrease reliance on human capital, curb impact of border control measures & meet market demands changes.

Dutch AI enabled IOT Solutions:
- **Collaboration/ Partnership Opportunities for local electronics manufacturer/ IOT solutions providers**
   - especially in the areas of **machine sensors, advanced electronics, robotics, driverless vehicles and drones.** [223]

O3
SMART
MOBILITY&
TRANSPORTATION

O3 Smart Mobility & Transportation:

Dutch AI Experts & Technology Solutions:

- **Collaboration/ Partnership Opportunities with local businesses/ startups/ local Government – The Ministry of Transport, Malaysia**
  - The Malaysian Transport Ministry is open to collaborating with Dutch private companies who utilizes technology to provide innovative solutions that can **advance the local transportation reform agenda and create sustainable changes, Improve quality of life and safety for all road users, Improve accessibility to public transportation and integrated mobility, mitigate traffic congestion, and improve parking system.** [155/222]
  - Dutch businesses that specialize in these areas can leverage on this opportunity to provide their AI expertise, via direct collaboration or through a local partner

Dutch Businesses & Consultancy Services:

- **Collaboration/ Partnership Opportunities with local consultants/ providers**
  - Smart mobility is key for Malaysia to become a smart city. This requires Malaysia to improve on its **transportation system with less emission** and **adopting frontier technologies**. [155/222]

Dutch Autonomous Driving Startups:

- **Collaboration/ Partnership Opportunities with local consultants/ providers**
  - For startups who are interested to expand their presence, various **venture capital firms in Malaysia are investing** in areas such as **autonomous driving space.**

"
04
AGRICULTURE

04 Agriculture:

Dutch Businesses/ Consultants/ Trainer:
- **Collaboration/ Partnership Opportunities with local consultants and training provider:**
  - Dutch Businesses can also look at setting up or partnering with a local provider to establish **learning institution** or **outsourcing services** to help farmers to improve food production in future farming and put smart farming into practice.[232]
  - Dutch businesses can also leverage on the local government's financial schemes via partnership to enable farmers to **upgrade and modernize their farms**.[232]

05

CONSTRUCTION & PROFESSIONAL SERVICES

05 Construction & Professional Services

Dutch Businesses/ Ecosystem Builders/ Consultants/ Experts:

- **Collaboration/ Partnership/ Business Operations Setup Opportunities with local Developers**
  - Malaysia is building **the first artificial intelligence (AI) park** and positioning the country as **an AI and digital hub for the ASEAN region.**[146]
  - For Dutch businesses that has interest to establish operations in Asia and SEA, and would like to have their office space in AI and digital hub of the region.
  - For Dutch ecosystem builders that are interested in **research and development, commercialization,** and **innovation of new technologies,** to participate in an existing commercial AI ecosystem in Malaysia
  - For Dutch businesses with technical know-how to increase national productivity and growth by incorporating **AI and other emerging technologies into its growth sectors, including semiconductors and E&E.** [146]

STRENGTHS (OF THE DUTCH)

- **Government/ Public Sector:**
  - **Initiatives / Guidelines / Best practices** are developed to ensure transparent & responsible data exchange / sharing. [62]
  - Created **code of conduct** for responsible & ethical use of AI applications. [62]
  - Strong foundation of **private-public partnership**[63]
  - BDA/ AI is used in **weather forecasting** & resulting in **better city budget management.** [66]
- **Healthcare:**
  - **Leader in medical research and biopharmaceuticals.** BDA/AI is used to help Dutch researchers to diagnose patients, assess risk, and flatten COVID-19 pandemic curve. [144]
- **Agriculture**
  - **Leader in agri-food innovation and the 2nd largest exporter of agricultural products in the world.** BDA/AI is used to improve food production in future farming. [145]
- **Consultancy, Education, R&D:**
  - Home to world renowned institutions (Delft TU; Center for Wireless Technology Eindhoven). [64]
- **Logistics**
  - **Improves logistics efficiency** (transport, distribution & storage) at Rotterdam port. [65]

WEAKNESSES (OF MALAYSIA)

- AI adoption is still at infancy stage due to **Lack of BDA/ AI awareness:** [72]
  - 70% of Malaysian business leaders see AI as instrumental for their organisation's competitiveness, but only 26% of organisations in Malaysia have embarked on their AI journey. [70]
- Two main challenges: **talent development & availability of open data sets.** [73]
  - Global shortage of AI Talent, Malaysia also face inadequate AI human capital, lack of success stories. [72]
  - Government and organizations **unwilling to open up data sets** for analysis & further understanding. [72]
- **Lack of all rounded privacy code for data management:**
  - Lack clarity[68]
    - No compulsory reporting needed[68]
    - PDPA full of legal loopholes. [68]
- **Manufacturers** are at early stage of digital adoption, lack of know-how in digital supply chain & ecosystem. [69]
- **Negative perception amongst SME companies:**
  - Technology adoption is only for large companies[71]
  - Expensive and adds no value. [71]

OPPORTUNITIES (FOR DUTCH TO OFFER THEIR EXPERTISE)

- **Projected contribution to GDP** shows a huge potential for growth in BDA/AI.
  - AI technology is expected to contribute EUR95 bil) to Malaysia's (GDP) by 2030. [160]
  - The BDA software market is forecasted to reach EUR121 million by 2021. [230]
- **Malaysian Government Policies & Framework** sets the direction & shows commitment to the sector.
  - National Artificial Intelligence Framework [130]
  - National Data & Artificial Intelligence (AI) Policy [132]
  - National Big Data Analytics (BDA) Framework[131]
- **Government budget allocation** provides opportunities for foreign companies to look at entering or partnering with a local provider.
  - RM100 million to transit Malaysia's existing workforce into the digital economy via digital skills. [23]
  - RM20 million for Malaysia Techlympics and Science Space Programmes in AI & robotics for youth. [23]
- **Government tax incentives are provided** to setup or relocate operations. [225]
  - "The Multimedia Super Corridor" status provides attractive tax and non-tax incentives. Income tax exemption for 5 years (potential 5 year extension) is given to MSC-status companies carrying out approved promoted activities in BDA and AI. [225]
- **Opportunities for Dutch Businesses** in sub-industries: *Property development & investments, supply chain/ logistics & manufacturing, smart mobility/ transportation, agriculture & education/ training*

THREATS (TO MALAYSIA)

- **Ranked 5th worst country for personal data protection**, PDPA has too much loopholes & lack clarity. [89]
- **Increased usage of IoT sensors** allows for more points of cyber crime invasion. (data breach, fraud, etc.) [79]
- **Without AI authentication**, fraud cases detection relying solely on human detection results in many undetected cases. [77]

N2. **CYBER**SECURITY

"

01

EDUCATION

01 Education:

Dutch Research & Consultants/ Training Provider:

- **Collaboration/ Partnership Opportunities with local Education/ Training Providers** to leverage on the Malaysian Government's budget allocations
  - RM100 million, transiting workforce into digital economy, heavy emphasis on **digital skills**. [23]
  - RM27 million budget allocated in 2021 for **cybersecurity programs** under MDEC roadmap. [23]

- **Collaboration/ Partnership Opportunities with Local Training providers, Research & Education Institutions:-**
  - To upskill in the specific areas of **incident response, forensics and assessment of security.**

Dutch AI Technology Experts/ Solution Providers:

- **Collaboration/ Partnership Opportunities with Local Government Agencies or Local Consultants:-**
  - To contribute their expertise via programme or R&D initiatives:
    i. To identify cyber security problems and provide **cybersecurity solutions (trainings, tools, strategies, consultancy etc.)**
    ii. To increase awareness and educate citizens on **importance of ethical** & **thoughtful usage of digital services.**

O2

INFORMATION & COMMUNICATION TECHNOLOGY

O2 Information and Communication Technology:

Cybersecurity opportunities are specifically in the areas of **(technology/ software/ design and support)**

Dutch Technology/ Software Developer and Solution Provider:
- **Export/ Collaboration/ Partnership Opportunities to/ with local government, and businesses**
  - To export technology/ software/ solutions to Malaysia's government and businesses as they are in need of new cybersecurity technologies and that the old ones are no longer valid. [86]

Research & Consultancy:
- **Collaboration/ Partnership Opportunities with local consultants and solutions providers**
  - to upgrade **IT design & infrastructure**, **implement local servers & employ credible data protection.** [87]
  - to ensure cloud infrastructure remain secure, as Enterprises will increasingly turn to **advanced encryption and protection solutions.** [183]
  - to provide Cybersecurity **services**, include **threat alert, threat research, technical support, remote diagnostics and remedy**.

"

03
FINANCIAL
SERVICES

03 Financial services:

Dutch Consultant, Experts and Solution Provider:
- **Collaboration/ Partnership Opportunities with local banking and financial institutions:**
  - to develop and/ or enhance the local banks' cybersecurity frameworks, strategy and effectiveness of countermeasures and increased guidelines and requirements. [233]
  - to encourage digital adoption **in cybersecurity technology infrastructure and fraud-protection tools** to brace disruptions from rising global cyber threats and security concerns. [179]
  - **60%** of financial institutions in Malaysia have **approved budget for cyber fraud solutions** implementation, but **only 20% is ever utilized**. [94]

STRENGTHS (OF THE DUTCH)

- **Leading expertise in cybersecurity**[82]
  - launched new measures to protect & ensure non-transferability of sensitive data & technology. [80]
  - Formed a platform for public & private collaboration platform to improve country's cybersecurity.[81]
- **Home to The Hague Security Delta,**
  - a network of organisations that work together on innovative security solutions and knowledge development, especially on cyber, national & urban security, protection of critical infrastructures, and forensic. [134]
  - a hub for cybersecurity experts, and an innovative ecosystem to cultivate cyber experts. [134]
- **Strong data protection measures**
  - Pioneer in the world of data innovation. [82]

WEAKNESSES (OF MALAYSIA)

- **Traditional cybersecurity technology and solutions** applied **no longer viable**. [86]
- **Weak in fraud detection management.** [85]
- **Conservative mindset:**
  - Cybercrimes will not happen; implement measures / cures only when happen. [87]
- **Lack of tools & infrastructure** for defense against cyber attacks. [87]
- **Lack in technical know-how:**
  - Even with right tools, there's a lack in awareness and know-how to use & protect from cybercrime[87]
- **Lack of niche expertise** (data scientists, data engineers, cyber security analysts etc.) [87]
- Authorities spend too much time trying to identify scam callers & hunting account thefts & fraudsters from overseas than to innovate or bring in new tech. [88]
- Malaysia's healthcare systems remains one of the most vulnerable to cybercriminals. It is among the most targeted industries, after Financial Services and Government. [170]

OPPORTUNITIES (FOR DUTCH TO OFFER THEIR EXPERTISE)

- **Malaysia's National Cybersecurity Policies & Framework** offers the direction & shows commitment to the growth of the sector. -
  - Malaysia Cybersecurity Strategy (MCSS) [90]
  - E-Security & Privacy Channel (ESPC) [92]
- **Government's budget allocations** provides opportunities for foreign companies to look at entering or partnering with a local provider:
  - RM100 million to transit Malaysia's existing workforce into the digital economy via digital skills. [23]
  - RM27 million **budget allocated in 2021** for cybersecurity programs under MDEC roadmap. [23][135]
- **Government tax incentives provide** for business to setup or relocate operations. [225]
  - The MSC status tax and non-tax incentives are given to MSC-status companies carrying out approved promoted activities in Cybersecurity. [225]
- **Opportunities for foreign businesses** in the various sub-industries include ICT technology and professional services, Education/ Training, Banking & Finance.
- There are major opportunities to assist in the delivery of cyber-crime and policing training, wider talent development and in the education of citizens and industries on managing new risks.

THREATS (TO MALAYSIA)

- Malaysia's cyber security agency has issued a national alert as the country emerged as one of 150 nations to be potentially hit by the massive global cyberattack of "WanaCrypt0r 2.0" ransomware. [173]
- The Malaysian public's concern about cybercrime overtaking concerns of physical threats:
  - involves identity theft, cyberbullying, fraud, cyber intrusions, hacking attempts, unauthorized system intrusion, data breach, harassment and spam, mostly occur in urban areas with a high-speed Internet connection. [98]
  - According to the **Malaysian Crime Prevention Foundation (MCPF),** the total losses recorded in regard to cybercrime for 2019 and 2020, were RM305 million and RM247 million, respectively. It also results in job loss, business transformation plans delayed, loss of customer satisfaction & brand image deterioration. [95]
- Increasing **online threats regarding virtual education & video conferencing**. [100]
  - **Children exposed to** cyber bullying, gaming disorder, inappropriate content, cyber threats , misuse of photos and videos (of minors). [99]
- Malaysia's healthcare systems remains one of the most vulnerable and targeted industries to cybercriminals tending to invite threat actors in **breaching and leaking patients' data, assets,** and infiltrate hospitals with operation-halting threats such as **ransomware** and undergo illegal operations like **Distributed Denial of Service (DDoS) attacks.** [175]
- Increased usage of IoT sensors allows for more points of cyber crime invasion. (data breach, fraud, etc.) [79]

N3. E-COMMERCE

01

PROFESSIONAL SERVICES

01 Professional Services:

Dutch Brand retailers or businesses:
- Export/ Collaboration/ Partnership Opportunities for Dutch brand retailers or businesses to work with a local retailer or e-commerce platform, where they can leverage on the Malaysian Government's budget allocations:

  - RM300 million allocated for the continuation of empowering:-
    i. **"MSMEs e-commerce initiatives",** focus on getting micro enterprises and small-medium enterprises onto eCommerce platforms to **shift towards business digitalization** through a co-funded programme with the Government and eCommerce platforms, participating eCommerce platforms will **provide on-boarding training, seller subsidy and sales support**. [135]
    ii. **"Shop Malaysia Online initiatives",** an E-commerce platform where digital discount vouchers are co-funded by the Malaysian government, **to encourage online spending on products from local retailers.** [135]

02

TRANSPORTATION

&

LOGISTICS

02 Transportation and Logistics

Dutch Consultancy, Service and Solutions Provider:

- **Export/ Collaboration/ Partnership Opportunities to/ with local transportation platform and logistics provider: -**
  - to provide their expertise to enhance the e-fulfilment, satellite and eservices platform.[224]
  - to partner with a local distributor or agent for re-exporting their goods to serve the ASEAN region via these platforms.

STRENGTHS (OF THE DUTCH)

- The Netherlands is a very connected country, **high digital literacy rate** with 98% of the population are internet users. **96% of the Dutch shop online,** and **81.5% of the Dutch population is involved in e-commerce.** [226]
- Most e-commerce websites in the Netherlands are focused on **fashion and living.** [227]
- **Strong expertise in Urban Logistics, Warehouse and Supply Chain Management**
  - Ranked 4th in World Bank Logistics Performance Index 2016. [106]
  - **Top European country for sea & air transportation efficiency** – Netherlands has a comprehensive approach to improve logistics management for global supply chain enhancement. [65]
  - **City Logistics Innovation Campus (CLIC)** – A research centre dedicated as a research & development centre, incubator and test site for various organisations to improve urban logistics and the quality-of-life (reduced carbon emission, noise pollution & traffic) in urban areas through innovative approaches. [101]
- - **Urban logistics AR in warehouse management** to enable optimization of warehouse space usage (better planning, hands-free stock management, smart glasses). [103]
  - **Warehouse & supply chain management** (real time stock insights; packaging; sample management; and quality control). [104]
- **Strong adoption of fintech; rich ecosystem.** [104]
  - **Innovative payments** becoming the new norm with Dutch's 4 largest banks committed to implement instant payment infrastructure. [105]

WEAKNESSES (OF MALAYSIA)

- The growth in digital divide, where b**asic internet facilities not readily available in especially rural areas**, reducing adoption rate of e-commerce. [75]
- **Malaysia's financial institution's fraud management** in digital customer journey, safety for online shoppers are not on par with global digitalization. [94]
- **Logistics** in Malaysia were **unable to cope with sudden spike in demand of logistics.** [108]
  - There are challenges to get the goods to the consumers fast enough. [107]
  - Continuous improvement and investment into logistic infrastructures needed, such as port upgrades and expansion, road networks, and advanced information technology (IT) system. [187]
  - Efficient transport links and upgrades are needed, connecting the seaports and the cities through road and rail. [187]
- For **Dutch businesses with no current relationships with distributors, operations in Malaysia or no supply chains into China, full-scale entry into the market remains a challenge**.
  - i. Almost all Malaysian e-commerce companies rely on businesses' goods to be inside Malaysia prior to listing. [218/208]
  - ii. Other hurdles to accessing the Malaysian market, such as time-consuming and expensive product registration processes in categories such as food, health and beauty. [208] [1218]

OPPORTUNITIES (FOR DUTCH TO OFFER THEIR EXPERTISE)

- **Malaysia's National E-Commerce Policies & Framework** offers the direction & shows commitment to the growth of the sector. –
  - Regional Comprehensive Economic Partnership (RCEP) [112]
  - National Economic Recovery Plan [138]
  - PENJANA Shop Malaysia Online [23]
- B2C e-Commerce will grow at a faster rate than most other industry sectors with various **incentives from the government** that Dutch businesses can leverage on to accelerate the growth of e-Commerce in Malaysia.
  - Multimedia ministry (MCMC) have allocated RM7.4billion for the expansion of broadband coverage. [115]
  - RM300 million allocated for the continuation of empowering MSMEs e-commerce & Shop Malaysia Online initiatives. [135]
- **Opportunities for Dutch Businesses** in the various sub-industries include**:** Government services, International Trade and Services, logistics and warehouse management

THREATS (TO MALAYSIA)

- **Up to RM17 million lost** to scams occurring within the e-commerce platform alone (18 March – 4 August 2020) [88]

N4. DATACLOUD

"

01

ICT &

PROFESSIONAL

SERVICES

01 ICT & Professional Services:

Dutch Consultancy, Service and Solutions Provider:
Export/ Collaboration/ Partnership Opportunities with local consultants and solutions provider:

- Dutch experts can provide knowledge and consultancy to empower local businesses in their process of adopting cloud computing in these technical areas: **cloud adoption framework, policies and control blueprints** to ensure secure data migration process for each and every case.[87]
- Dutch cloud service developers or solution providers that are able to **develop/ provide plug and play service or software** will help resolve the local technical know-how issue. [120]

O2

TOURISM

O2 Tourism

- **Cloud-based tourism can be used in attracting tourists to visit hot spots in Malaysia** that require emergence of online enterprises and individuals from all over the country engaged in this industry. [143]

- Providing **location-based and context-aware pervasive services** to effectively serve tourists while they are in Malaysia, using **Mobile Cloud Computing (MCC).** MCC enables efficient delivery of real-time resource-intensive computations such as voice translators (speaking in native languages), optical character recognition (reading text in local language), road navigation, and location-based services to help tourists traveling in Malaysia. [143]

O3

AUTOMOTIVE &

FINANCIAL

SERVICES

O3 Automotive & Financial Services

- Enabling cloud in the **automotive industry for car and motorcycle manufacturers**, like Proton, Perodua, and DRB-HICOM is critical to offer enhanced safety, efficiency, and entertainment to effectively compete in the region/global. [143]

- Some 64.7% of Malaysian financial services institutions (FSIs) were already in the process of developing a cloud strategy, indicating a good start to cloud adoption as early as 2018, but when it comes to the **actual implementation of the cloud, we are seeing slower uptake**. [195]

STRENGTHS (OF THE DUTCH)

- Netherlands is a **Global leader for cloud computing** by leveraging on AI and ML to create seamless experience in communication, documentation collection, documentation organization, storage and e-signatures. [119]
- One of the **best network infrastructures** in the world [116]
- One of the best **experts in data cloud knowledge** that offers better data cloud services with better technical support, safer cloud storage. [116]
- Ranked **Top 5 globally in adoption of cloud services**. [118]
- More than **90% of Dutch organizations** have **adopted cloud technology** (9% growth in 2020). [117]
- By 2022, cloud services will overtake the growth of traditional IT services especially for **Infrastructure-as-a-Service (IaaS).** [118]
- Uses cloud computing for **water management system** with real time data to allow fast response when things go wrong. [66]

WEAKNESSES (OF MALAYSIA)

- **Weak understanding and technical know-how application:**
  - local businesses do not really understand cloud services and how to apply it [120]
- Two main challenges in **low adoption of cloud data** in Malaysia:
  - **Lack of knowledge & expertise**; [122]
  - **Data migration complexity**[122]
- While the adoption of cloud computing offers multiple potential benefits, there are also concerns regarding bandwidth consumption, lack of maturity of cloud environments, latency, data security and privacy guarantees from service providers. [191]
- **Lack of expertise and specialists in digital transformation and basic infrastructures** (fibre optics etc.) hindered Malaysia in the digitization process. [121]

OPPORTUNITIES (FOR DUTCH TO OFFER THEIR EXPERTISE)

- **Malaysia's Data Cloud Policies & Framework** offer the direction & show commitment to the growth of the sector. –
  - National Fiberisation & Connectivity Plan (NFCP) [139] [140]
  - National Digital Inclusion Council (NDIC) [140]
  - Netpreneur Training Program[140]
  - Digital Transformation Acceleration Program [140]
- **Government budget allocation** provides opportunities for Dutch businesses to look at offering their expertise or partnering with a local provider in leveraging the 50% matching grant amounting to RM5000 for local businesses to digitize operations. [136]
- **Opportunities for Dutch Businesses** in the various sub-industries include *ICT technology and Professional services, Transportation & Automotive, Tourism, Banking and Finance industry.*

THREATS (TO MALAYSIA)

- **Malaysia is the 5th worst country for personal data protection.** [89]
- Data privacy of the country is only protected by Personal Data Protection Act (PDPA), but concerns remains that contributes to the increase in cybercrime & identity theft in the country.
  - many loopholes; [89]
  - lack of clarity in definitions used to define the laws against data breach offenders. [89]

GUIDE TO DOING
BUSINESS IN MALAYSIA

4.0

4.1

LEGISLATION, REGULATIONS AND TAX REGIMES
IN MALAYSIA

" 4.0 GUIDE TO DOING BUSINESS IN MALAYSIA

4.1 Legislation, regulations, and tax regimes in Malaysia

The government has regulated the necessary **laws to provide support to the Multimedia Super Corridor (MSC) status**. Some of the multi-specific legislation that has been passed in Parliament includes: [42]

- **The Digital Signature Act 1997,** which governs electronic signatures.
- **The Computer Crimes Act 1997**, which outlaws the fraudulent use of computers and unauthorized access to and modification of the contents of computers.
- **The Electronic Government Act 1997**, which regulates communication within the public sector. This Act also enhances communication between the public and private sectors.
- **The Multimedia Convergence Act 1997**, which streamlines communication, information and broadcasting services.
- **The Telemedicine Act 1997**, which allows for the promotion of medical services.

The Communications and Multimedia Act 1998, which facilitates the orderly development of the multimedia industries, in particular the contents industry and to replace existing inadequate legislation.
- **The Intellectual Property Protection Act 1998**, which protects copyright laws.

The above legislation has been prompted by the establishment of the MSC, however the stated laws are also applicable for general application. **The Electronic Government Act 1997** has also provided a mechanism for business and the community to voluntarily choose electronic communications when dealing with government agencies. Therefore, the said legislation will also be used to facilitate the development of electronic commerce in Malaysia.

4.0 GUIDE TO DOING BUSINESS IN MALAYSIA

Taxation in Malaysia [45]

- Income of any person including a company, accruing in or derived from Malaysia or received in Malaysia from outside Malaysia is **subject to income tax.**
- However, with effect from year of assessment (YA) 2004, income received in Malaysia from sources outside Malaysia by any person other than a resident company carrying on business of banking, insurance, sea or air transport is **exempted from income tax.**
- The income is assessed on a current year basis and the present tax assessment system administered by Inland Revenue Board of Malaysia (IRBM) is Self-Assessment System (SAS). In SAS, taxpayers are required to declare its income honestly and calculate the tax payable on its own. The responsibility on the tax matters have been shifted to the taxpayers. They are required to have sufficient tax knowledge in order to assess their tax liability correctly and within the timeframe.

Company Tax	
Resident and non-resident companies	24%
Resident companies with paid-up capital of RM2.5 million and less at the beginning of the basis period for a year of assessment:	

*	on the first RM500,000 chargeable income	17%
*	on subsequent chargeable income	24%

Personal Income Tax	
Resident individuals with chargeable income (after deduction of personal reliefs) of more than RM5,000 and not more than RM1,000,000	1% - 26%
Resident individuals with chargeable income (after deduction of personal reliefs) of more than RM1,000,000	28%
Non-resident individuals (not entitled to any personal reliefs)	28%

4.1 Legislation, regulations, and tax regimes in Malaysia

Withholding Tax [45]

Withholding tax is an amount withheld by the party making payment on income earned by a non-resident individual or companies and the withheld amount is then remitted to inland Revenue Board of Malaysia. The tax rate is based on **classes of income** and is stated either in **Income Tax Act 1967 or in the Double Taxation Agreement (DTA).** Come classes of income are shown as follows:

*	**Special classes of income** which is derived from Malaysia: • Amounts paid for services rendered in connection with the use of property or rights or installation services or operation on the supply of plant, machinery or other apparatus) • Amounts paid in consideration of any advice given, or assistance or services rendered in connection with the management and administration of any scientific, industrial or commercial undertaking, venture, project or scheme • Rent or payment for the use of any moveable property.	10%
*	Interest derived from Malaysia	15%
*	Royalty derived from Malaysia	10%
*	Remuneration or income from service performed or rendered in Malaysia by public entertainer	15%
*	Contract payment:	
	- Payable by the non-resident contractor	10%
	- Payable by employees of the non-resident contractor	3%

4.1 Legislation, regulations, and tax regimes in Malaysia

Sales Services Tax (SST) [45]
- Effective from 1 September 2018, the **Sales Tax Act 2018** and **the Service Tax Act 2018** together with its respective subsidiary legislations are introduced to **replace the Goods and Services Tax (GST) Act 2014.**

Sales Tax[45]
- Under the **Sales Tax Act 2018**, sales tax is charged and levied on imported and locally manufactured goods either at the time of importation or at the time the goods are sold or otherwise disposed of by the registered manufacturer.
- Sales tax administered in Malaysia is a single stage tax imposed on the finished goods manufactured in Malaysia and goods imported into Malaysia.
- Sales tax is imposed on taxable goods manufactured in Malaysia by any registered manufacturer at the time the goods are sold, disposed of other than by sales or used other than as a material in the manufacture of goods.
- Sales tax on imported goods is charged when the goods are declared, duty paid and released from customs control.
- Manufacturers who manufacture taxable goods with sales value which exceeds RM500,000 within the period of 12 months, are required to be registered pursuant to Section 12 Sales Tax Act 2018.
- Manufacturers who manufacture taxable goods with sales value of RM500,000 and below, have the option to be registered on a voluntary basis under Section 14 of the Sales Tax Act 2018 to enable them to enjoy the facilities given under the Act.
- Manufacturers who carry out its business as a subcontractor and the total labour charge of the subcontract works exceeds RM500,000 within 12 months, are required to be registered pursuant to Section 12 of the Sales Tax Act 2018.

4.0 GUIDE TO DOING BUSINESS IN MALAYSIA

4.1 Legislation, regulations, and tax regimes in Malaysia

Rates of Sales Tax [45]
- **Sales tax is generally at 10%,** certain non-essential foodstuffs, alcoholic beverages, tobacco/cigarettes and building materials are taxed at 5% while certain petroleum products and motor oil are taxed at individual specific rates.

Service Tax[45]
- **Service tax in Malaysia** is a form of indirect single stage tax imposed on specified services termed as "taxable services". The Service tax cannot be levied on any service which is not included in the list of taxable services prescribed by the Minister under the First Schedule of Service Tax Regulations 2018.
- The Service Tax Act 2018 (STA 2018) applies throughout Malaysia excluding designated areas, free zones, licenced warehouses, licenced manufacturing warehouses and Joint Development Area (JDA).

Taxable Service [45]
- **Taxable services** are any services which are listed in the various categories in the First Schedule of Service Tax Regulations 2018. Any taxable person providing taxable services and exceeding the respective thresholds is required to be registered. The categories are accommodation, food and beverage operator, night-clubs, dance halls, health and wellness centres, private club, golf club and golf driving range, betting and gaming services, professional services and other service providers such as insurance, telecommunication, parking operator, advertising and etc

4.1 Legislation, regulations, and tax regimes in Malaysia

Charge to Tax [45]
- **Service tax** is charged on any provision of taxable services provided in Malaysia by a registered person in carrying on his business.
- The service tax is due and payable when payment is received for any taxable service provided to a customer by the registered person. The service tax is not chargeable for imported and exported services under the STA 2018.

Rate of Service Tax [45]
- **The rate of service tax** is fixed under the Service Tax (Rate of Tax) Order 2018 and comes into force on 1 September 2018. The rate of service tax is 6% of the price or premium for insurance policy, value of betting and gaming, etc. of the taxable service as determined under section 9 of STA 2018.

Rate of Service Tax for Credit and Charge Cards [45]
- **The rate of service tax** on the provision of credit card or charge card services is RM25 per year on the principal and supplementary card. The service tax is chargeable on the date of the issuance of the card and every 12 months thereafter or part thereof after the issuance of the card or on the date of the renewal of the card and every 12 months thereafter or part thereof after the renewal of the card.

For more information, please visit https://mysst.customs.gov.my/

4.1 Legislation, regulations, and tax regimes in Malaysia

Customs Appeal Tribunal & Ruling [45]

- **Customs Appeal Tribunal (CAT)** is an independent body, establish to decide on appeals against the decision of the Director General of Customs pertaining to matters under the Customs Act 1967, Sales Tax Act 1972, Service Tax Act 1975 and Excise Act 1976.
- In addition, Customs Ruling is introduced under the **Customs Act 1967, Sales Tax Act 1972, Service Tax Act 1975** and Excise Act 1976 to provide business sectors with the elements of certainty and predictability in planning their business activities.
- The ruling issued by the Customs and agreed by the applicant shall be legally binding the applicant for a specific period time. The main features of Customs Ruling are:

i.	Applications for Customs Ruling can be made with respect to classification of goods, determination of taxable services and the principles of determination of value of goods and services;
ii.	Application should be made in writing together with sufficient facts and prescribed fee;
iii.	Applications may be made before the goods are imported or the services are provided upon which Customs will issue a custom ruling.

4.1 Legislation, regulations, and tax regimes in Malaysia

Double Taxation Agreement [45]

- **Double Taxation Agreement (DTA)** is an agreement between two countries seeking to avoid double taxation by defining the taxing rights of each country with regard to cross border flows of income and providing for tax credits or exemptions to eliminate double taxation.

- **The objectives of Malaysian DTA** are as follows:

i.	To create a favourable climate for both inbound and outbound investments;
ii.	To make Malaysia's special tax incentives fully effective for taxpayers of capital exporting countries;
iii.	To obtain a more effective relief from double taxation compared to relief gained under unilateral measures; and
iv.	To prevent evasion and avoidance of tax

Like many other countries in the developed as well as the developing world, Malaysia too cannot absolve herself from the need to facilitate her trade and investments with the outside world through international tax treaty network with other countries. The increased pace of industrialization coupled with increased foreign direct investment in the country necessitated tax treaty arrangements with other countries to provide investors with certainty and guarantees in the area of taxation. As at 31 January 2012, the effective DTAs are as follows:

4.2
COST OF DOING
BUSINESS
IN MALAYSIA

4.2 Cost of doing business in Malaysia

- Malaysia is one of the most cost competitive nations with the total cost pool (comprising of both direct & indirect costs).[43]

TOTAL SETUP COSTS

Total Costs : 10-People Tech Setup

Philippines - 1,393,199.31
Thailand - 1,440,468.96
Malaysia - 1,601,704.46
UAE - 1,605,141.84
Netherlands - 1,629,078.90
Sweden - 1,702,687.35
Finland - 1,716,514.09
Vietnam - 1,956,509.16
Indonesia - 2,160,071.43
Israel - 2,245,126.29
Singapore - 2,607,945.37
USA - 3,934,540.01

USD Per Annum ('000)

MALAYSIA REMAINS ONE OF THE MOST COST COMPETITIVE NATIONS WITHIN THE TOTAL COST POOL - WHICH COMPRISE OF **DIRECT** AND **INDIRECT COSTS**

Source: Cost of Doing Business Report 2018, Matryzel Consulting

TOTAL BURDEN RATE IS EXTREMELY FAVOURABLE COMPARED TO THE REST OF THE ASEAN REGION AT 20.87%

OWNERSHIP ECOSYSTEM
- Cost-effective ownership and high availability of fully-fitted integrated premises makes it very attractive in comparison to most other nations

REGULATORY ECOSYSTEM
- Very competitive in terms of care with compliance and export-import tariffs at 100% lower than developed nations

MARKETPLACE ECOSYSTEM
- Companies spend more on building visibility to attract new employees, advertising & promotion and to invest in community adoption initiatives

4.2 Cost of doing business in Malaysia (continued…

- **Direct Costs** refers to all costs that an organisation incurs in commencing and operating a business, which also influences the profit & loss and balance sheet. [43]
- **Indirect costs** categorized into three ecosystems to determine their influence and overall business cost attractiveness.[43]

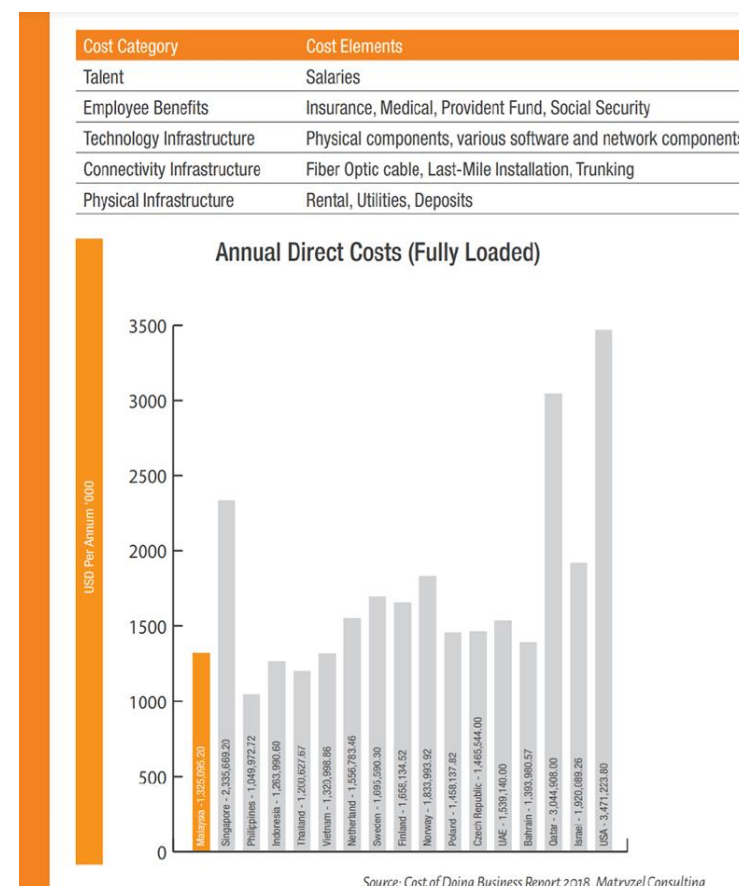| Cost Category	Cost Elements
Talent	Salaries
Employee Benefits	Insurance, Medical, Provident Fund, Social Security
Technology Infrastructure	Physical components, various software and network components
Connectivity Infrastructure	Fiber Optic cable, Last-Mile Installation, Trunking
Physical Infrastructure	Rental, Utilities, Deposits

Annual Direct Costs (Fully Loaded)

Source: Cost of Doing Business Report 2018, Matryzel Consulting

TALENT
- Malaysian tech salaries at all levels remain competitive and consistent with the economic growth of the nation, lower by 100% of developed nations
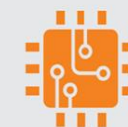
EMPLOYEES BENEFITS
- Offers standard and globally comparable benefits to employees, assuring state-accorded employee-welfare and reduced pressure on wage inflation of 5%

TECHNOLOGY
- Strong footprint of all top tier technology hardware vendors making acquisition costs as competitive as in the developed world, with 0% taxes for electronics

CONNECTIVITY
- Broadband [International Private Leased Circuit (IPLC)]: For 2Gbps connection at US$1,400 per month
- Fiber Optic cable: For a 60 Mbps, Malaysia is at US$41 per month

UTILITIES
- Electricity is among the lowest in the world, at US$ 0.36 per KWH
- Malaysia's rental of US$ 1.69 per sqft is the lowest in the ASEAN region

OBSERVATIONS

INDIRECT COSTS

Categorised into three ecosystems to determine their influence on overall business cost attractiveness

Three Ecosystems

Ownership Ecosystem
(Real Estate, Working Capital, Borrowing Rates, Fixtures & Fittings)

Regulatory Ecosystem
(Taxes, Allowances, Market Access-Immigration, Duties & Customs, Insurance)

Marketplace Ecosystem
(CSR Initiatives, Memberships, Advertising & Promotion)

Total Burden Rate: Three Ecosystem Costs
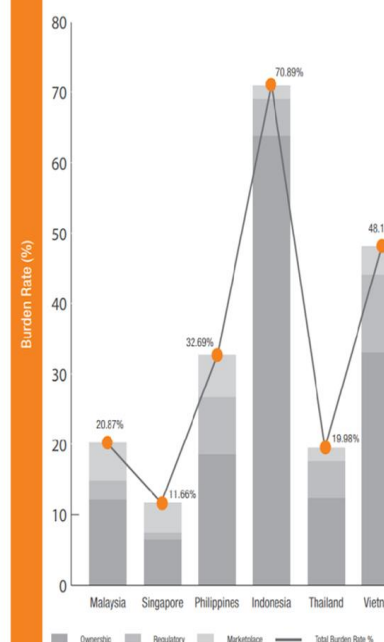
Source: Cost of Doing Business Report 2018, Matryzel Consulting

4.2 Cost of doing business in Malaysia (continued…

- **Companies doing business in Malaysia must register with the Companies Commission of Malaysia (SS**M) under the Companies Act 2016 (Act 777). [45]

Fees to be paid to SSM

- **Main fees to be paid to the Companies Commission of Malaysia (SSM):** [45]
- (Refer to the Companies Regulations 2017)

Matter	Fee (RM)	Fee (USD)
Application for reservation of name of company under section 27 of the Act	50.00 for every thirty days or part thereof with a maximum of 180 days	12.21 for every thirty days or part thereof with a maximum of 180 days

- Application for incorporation under section 14 of the Act: [45]

(a) Company limited by share	1,000	244.00
(b) Company limited by guarantee	3,000	733.00
(c) Unlimited Company	1,000	244.00

4.2 Cost of doing business in Malaysia (continued…

- **Application for registration of foreign company** under section 562 of the Act : [45]

(a)		with share capital		
	i.	not more than RM 1,000,000.00	5,000	1,221.30
	ii.	exceeding RM 1,000,000.00 but not exceeding RM 10,000,000.00	20,000	4,885.20
	iii.	exceeding RM 10,000,000.00 but not exceeding RM 50,000,000.00	40,000	9,770.40
	iv.	exceeding RM 50,000,000.00 but not exceeding RM 100,000,000.00	60,000	14,665.60
	v.	exceeding RM 100,000,000.00	70,000	17,098.19
(b)		without share capital	70,000	17,098.19

4.2 Cost of doing business in Malaysia (continued…

- **Rental Rates for Prime Office** [45]
- Rental Rates by Location

Location	RM	USD
Alor Setar, Kedah	19.00 - 27.00	4.64 − 6.60
Georgetown, Pulau Pinang	Georgetown 27.00 − 38.00 Outside Georgetown 36.00 - 48.00	Georgetown 6.60 − 9.28 Outside Georgetown 8.79 − 11.73
Ipoh, Perak	17.00 - 24.00	4.15 − 5.86
Kuala Lumpur*	65.00 − 118.00*	15.87 − 28.82*
Petaling Jaya, Selangor	60.00 − 69.00	14.66 − 16.85
Seremban, Negeri Sembilan	20.00 - 32.00	4.88 − 7.82
Melaka	26.00 - 38.00	6.35 − 9.28
Johor Bahru, Johor	Building Age> 5 Years 27.00 − 32.00 Building Age< 5 Years 38.00 − 48.00	Building Age> 5 Years 6.60 − 7.82 Building Age< 5 Years 9.28 − 11.72
Kuantan, Pahang	16.00 − 27.00	3.91 − 6.60
Kuala Terengganu, Terengganu	30.00 − 40.00	7.33 − 9.77
Kota Bharu, Kelantan	12.00 − 28.00	2.93 − 6.84
Kota Kinabalu, Sabah	16.00 − 65.00	3.91 − 15.88
Kuching, Sarawak	22.00 − 38.00	5.37 − 9.28

4.3

GOVERNMENT
TAX INCENTIVES
IN MALAYSIA

4.3   Government Tax Incentives in Malaysia

Malaysian Tech Entrepreneur Program (MTEP) [42]
- Available for **tech founders** who want to capture the ASEAN market from Malaysia **via a 1-year stay (/pass) or 5-year stay (/pass).**
- Strong government support via Malaysia Digital Hub and a dynamic growth startup ecosystem, makes Malaysia is the destination for tech entrepreneurs.
- **New Entrepreneur** - Individual with no track record of established business (1 Year Pass - Application fee from RM2,650)
- **Established Entrepreneur** - Individual with track record of established business (5 Years Pass - Application fee from RM5,300)
- **Application Requirement:**
  - Business pitch deck
  - Financial track record
  - Certificate of Good Conduct
  - Sponsor
- After submission of MTEP application, it will take 4 weeks to receive approval. Upon successful application / approval, issuance of pass will be done within 2 weeks.

MSC Malaysia Status [60]
- **10 Bill of Guarantees by the Malaysian Government** including:
  - Up to 100% income tax exemption or investment tax allowance
  - Unrestricted local / foreign knowledge workers
  - Custom duty exemption for selected multimedia equipment
  - Tax exemption of up to 100% for up to 10 years [60]

4.3 Government Tax Incentives in Malaysia

Two possible incentive packages are as follows:

MDEC® MSC Malaysia Status

Incentive for eligible local and foreign ICT-related businesses to promote continued growth

Qualifying Activities	Criteria*
• Global Business Services • BDA, AI, IoT • Cybersecurity • Data centre and cloud • Blockchain • Creative Media Technology • Sharing Economy Platform • UI/UX • 3D printing, Robotics, Autonomous Technology • Systems/network architecture design and support	• Full time knowledge workers with monthly base salary of USD1,250 (for 50 pax) or USD2,500 (for 20 pax) • Knowledge workers headcount of min 20 • Annual operating expenditure and investment in fixed asset min USD250,000 • Percentage of Malaysian Knowledge Workers: min 50% • Paid Up Capital of at least USD62,500 *detailed criteria on MDEC website*

Benefits

- Enjoy 10 Bill of Guarantees by Malaysian government including:
- Tax exemption of up to 100% up to 10 years
- Unrestricted employment of local and foreign knowledge workers

MIDA Principal Hub

Incentive for companies to setup their regional or global businesses in Malaysia

Qualifying Activities	Criteria
• Manage key functions including: - Risk management - Key decision making - Strategic business activities - Trading - Finance - Human resource	• Locally incorporated company using Malaysia to conduct regional / global operations • Paid-up capital of more than RM2.5 million • Carry out at least three qualifying services • Serve and control a minimum number of network companies

Benefits

- New companies can enjoy up to 0% tax rate for 10 years based on their level of commitments

4.4

DISTRIBUTION & SALES CHANNELS

4.4 Distribution & Sales Channels : ICT Government & Associations

Market Entry - Network

The MDBC can provide market access through a well – established stakeholder network of support organisations, such as government trade & investment development agencies, embassies, and business sector organisations.
Direct access is available to these government agencies, and NL/EU institutions:

MDEC	Malaysia Digital Economy Corporation: The lead agency to implement the Multimedia Super Corridor initiative. Focuses on accelerating the digital growth of the country to be the preferred digital economy in the region.	**Kingdom of the Netherlands**	Embassy of the Netherlands to Malaysia: Assists citizens and companies from Dutch in Malaysia and act as the gateway for Malaysian companies who are interested in doing business with the Netherlands.
MIDA MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY	Malaysian Investment Development Authority: Malaysia's principal investment promotion agency for the development of the manufacturing and services sectors in Malaysia.	**EUROCHAM MALAYSIA** EU-MALAYSIA CHAMBER OF COMMERCE AND INDUSTRY	EUROCHAM Malaysia: The chamber of chambers, established by several European Union (EU) bilateral chambers of commerce to be the voice of EU business community in Malaysia.
MATRADE	Malaysia External Trade Development Corporation The National Trade Promotion Agency, promoting Malaysia's exports and supporting foreign importers into Malaysia.		The EU Delegation to Malaysia: Represents the EU in the execution of its competences, enhances bilateral relations in line with the EU's overall strategy in SEA.
INVEST KL MALAYSIA	InvestKL: The investment promotion agency that focuses on attracting Fortune 500 and Forbes 2000 MNCs to establish regional hubs in Greater Kuala Lumpur. Also focuses on next-gen digital and innovations.		
TalentCorp ATTRACT · NURTURE · RETAIN	TalentCorp: The national agency that drives the talent strategy towards a dynamic hub. Initiatives are tailored towards professional, students, employer as well as industry and academia partners.		

4.4 Distribution & Sales Channels : ICT Government & Associations

Market Entry - Network

ICT Associations			
PIKOM	PIKOM, the National Tech Association of Malaysia, represents the information and communication technology (TECH) industry in Malaysia. As the largest and main ICT Association, PIKOM's membership stands at 1000+ companies.	TeAM	TeAM is an association formed by a group of Malaysian Technopreneurs to further the interest of Technopreneurs and to assist in the development of Malaysia's technology industry.
MITS	MITS is an association officiated by the Ministry of Higher Education to develop new ideas and knowledge in the field of IT and a body to appoint Fellows in the field of IT as well as give certification recognition in the field of IT.	SICTA	SICTA objective is to promote the IT industry by promoting computer business activities, assisting in solving problems related to IT industry, liaise with the government and other IT associates in Malaysia in matters of common interest.
ASOCIO Reimagining the Digital Era	ASOCIO is an ICT federation formed by ICT associations from 24 countries throughout Asia Pacific. It acts as a catalyst of Asia Pacific digital transformation and enablement by creating and facilitating cross-border trade, engaging governments on the development of the national digital agenda, assisting members to establish globally competitive ICT industry, and facilitating implementation of standard and governance.	MIC	MNCC is an association that focuses on the development of IT Professionals and the creation of an Information Rich Society by achieving global competitive advantage through IT Professional Excellence. Its objectives is to promote and develop the science of IT, provide means for considering questions affecting the interest of the computing profession and seek solutions in relation to legislative or other measures affecting the profession, to extend the knowledge and appreciation of IT.

4.4.1
DISTRIBUTION
& SALES CHANNELS:
(PIKOM)

4.4.1 Distribution & Sales Channels : PIKOM Members

PIKOM, the National Tech Association of Malaysia, represents the information and communication technology (TECH) industry in Malaysia. **As the largest and main ICT Association, PIKOM's membership stands at 1000+ companies**, who are involved in a whole spectrum of TECH products and services, which commands 80% of the total TECH trade in Malaysia. PIKOM members can be approached for international cooperation, agency representation, local distribution, partnership, etc. PIKOM's membership directory covers these categories (with number of members per category):

1. Big Data (22)
2. Bio Tech / Life Sciences (3)
3. Business Process Outsourcing (59)
4. Communication Network (74)
5. Consultancy / Professional Services (148)
6. Creative Content (11)
7. Data Centre / Web Hosting Providers (33)
8. Distributors (113)
9. e-Commerce (29)
10. Education / Training (47)
11. Hardware Design (14)
12. Internet Based Business (55)

4.0 GUIDE TO DOING BUSINESS IN MALAYSIA

4.4.1 Distribution & Sales Channels: PIKOM Member list	
1. Big Data/ AI	
1	Adv Fusionex Sdn Bhd	https://www.fusionex-international.com/
2	Crayon Software Experts Sdn Bhd	https://www.crayon.com//
3	Datamicron Systems Sdn Bhd	https://www.datamicron.com/
4	FPT Software Malaysia Sdn Bhd	https://www.fpt-software.com/malaysia/
5	Hitachi Vantara Sdn Bhd	https://www.hitachivantara.com/en-us/home.html
6	Huawei Technologies (Malaysia) Sdn Bhd	https://www.huawei.com/my/
7	Lenovo Technology Sdn Bhd	https://www.lenovo.com/my/en/pc?orgRef=http%253A%252F%252Fcms.pikom.org.my%252F
8	Macrovention Sdn Bhd	https://www.macrovention.com/
9	Matrix Connexion Sdn Bhd	http://www.matrixc.com/
10	Mesiniaga Berhad	https://www.mesiniaga.com.my/

4.4.1 Distribution & Sales Channels: PIKOM Member list

1. Big Data/AI

11	PanPages Lab Sdn Bhd	https://www.panpages.my/
12	Q3 Aurelia Sdn Bhd	http://q3aurelia.com/
13	Quandatics (M) Sdn Bhd	https://quandatics.com/
14	Radiant Vista Digital Solutions & Consul	https://www.radiantvista.org/
15	SAP Malaysia Sdn Bhd	https://www.sap.com/sea/about.html
16	Synergy Outsourcing Sdn Bhd	https://www.synergy-outsourcing.com/
17	TERAS TEKNOLOGI SDN BHD	https://www.teras.com.my/
18	TOMTOM NAVIGATION MALAYSIA SDN BHD	http://www.tomtom.com/
19	Top Click Sdn Bhd	http://topclick.my/
20	Trisilco IT Sdn Bhd	http://www.trisilco-it.com/

4.4.1 Distribution & Sales Channels: PIKOM Member list	
1. Big Data/AI	
21	Worldtech Solutions Sdn Bhd	http://www.worldtech.com.my/_index.html
22	Xperanti IoT (M) Sdn Bhd	https://www.xperanti.com/

4.4.1 Distribution & Sales Channels: PIKOM Member list		
2. Cybersecurity		
1	Ablenet Systems Sdn Bhd	http://www.ablenet.com.my/
2	APAC Venture Sdn Bhd	https://apacventure.com/
3	ASG Asia Sdn Bhd	http://www.asiabuilders.com/asiabuilders/ASG-ASIA-SDN-BHD_Malaysia_Company_50027400.aspx
4	AVP (SEA) Sdn Bhd	https://my44426-avp-sea-sdn-bhd.contact.page/#gsc.tab=0
5	Basic Gateway Sdn Bhd	http://www.basicgateway.com/
6	Bestinet Sdn Bhd	https://www.bestinet.com.my/
7	Bridgenet Solutions Sdn Bhd	https://bridgenet-int.com/
8	Cloud4C Services Sdn Bhd	https://www.cloud4c.com/my/
9	Computer Land Malaysia Sdn Bhd	https://www.cland.com.my/
10	CSC Malaysia Sdn Bhd	https://www.dxc.technology/?merger=true

4.4.1	Distribution & Sales Channels: PIKOM Member list	
2. Cybersecurity		
13	Cyber Intelligence Sdn Bhd	https://www.cyberintelligence.my/
14	CyberSecurity Malaysia	https://www.cybersecurity.my/en/index.html
15	D G Kom Sdn Bhd	https://www.sennego.com/supplierIndex?viewDetail&compId=300014 http://www.dgkom.com.my/
16	Digital Wise Sdn Bhd	https://www.digitalwisemy.com/
17	DotCom Engineering Sdn Bhd	https://www.dotcom2u.com.my/
18	Dynamic Link Solutions Sdn Bhd	https://dls.com.my/
19	E Future Technology	https://efuturetech.com/
20	e-Lock Corporation Sdn Bhd	https://www.elock.com.my/
21	EIS Services (M) Sdn Bhd	http://www.eis2u.com/
22	Ektech Communications Sdn Bhd	https://ektech.com.my/

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4.4.1 Distribution & Sales Channels: PIKOM Member list		
2. Cybersecurity		
23	Empirical Systems (M) Sdn Bhd	https://empirical.com/
24	Ensign Infosecurity (Malaysia) Sdn Bhd	https://www.ensigninfosecurity.com/
25	Exclusive Networks Malaysia Sdn Bhd	https://www.exclusive-networks.com/
26	Experian Marketing Services (M) Sdn Bhd	https://www.experian.com/
27	Fortinet Malaysia Sdn Bhd	https://www.fortinet.com/
28	Glocomp Systems (M) Sdn Bhd	http://www.glocomp.com/
29	Glocomp Xaas Sdn Bhd	http://www.glocomp.com/home-2/
30	Halodata Infokom Sdn Bhd	https://www.halodata.biz/
31	Hewlett Packard (M) Sdn Bhd	https://www.hpe.com/us/en/home.html

4.4.1 Distribution & Sales Channels: PIKOM Member list		
2. Cybersecurity		
32	Hi-Profile Achievement Sdn Bhd	https://www.facebook.com/Hi-Profile-Achievement-M-Sdn-Bhd-971458429553258/
33	IFCA MSC Berhad	https://ifca.asia/
34	IRIS Corporation Bhd	http://www.iris.com.my/
35	IshanTech (M) Sdn Bhd	http://www.ishantech.net/
36	Kasatria Technologies Sdn Bhd	https://www.kasatria.com/
37	Kaspersky Lab SEA Sdn Bhd	https://www.kaspersky.com/about/contact
38	Krypton Global Networks (M) Sdn Bhd	http://www.krypton-gn.com/
39	LogRhythm Singapore Pte Ltd	https://logrhythm.com/
40	Microworld Technologies Sdn Bhd	http://www.escanav.com/

4.4.1 Distribution & Sales Channels: PIKOM Member list	
2. Cybersecurity	
41	MSS Lab Sdn Bhd	http://www.msslab.com/
42	NetAssist (M) Sdn Bhd	https://www.mynetassist.com/
43	Nexbis Sdn Bhd	http://www.nexbis.com/
44	NTT Data Malaysia Sdn Bhd	https://www.nttdata.com/my/en/
45	OSiris Solutions Sdn Bhd	https://itsupportmalaysia.com/
46	Persistent Systems Malaysia Sdn Bhd	https://www.persistent.com/
47	Quann Malaysia Sdn Bhd	https://www.facebook.com/nexbis/
48	SCAN Associates Bhd	http://www.scan-associates.net/
49	Securemetric Technology Sdn Bhd	https://www.securemetric.com/
50	Serba Dinamik IT Solutions Sdn Bhd	https://e-serbadk.com/

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4.4.1 Distribution & Sales Channels: PIKOM Member list		
2. Cybersecurity		
51	Sysarmy Sdn. Bhd.	https://www.sysarmy.net/
52	Trend Micro Malaysia Sdn Bhd	https://www.trendmicro.com/en_my/business.html
53	ViewQwest Digital Sdn Bhd	https://viewqwest.com.my/business/index.html
54	Vigilant Asia (M) Sdn Bhd	https://vigilantasia.com.my/
55	VSEM Technology Sdn. Bhd.	http://www.vsemtech.com/
56	XMT Technologies Sdn Bhd	https://www.mrcb.com.my/
57	Zexnet Systems Sdn.Bhd.	http://zexnet.com/

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4.4.1 Distribution & Sales Channels: PIKOM Member list		
3. E-Commerce		
1	Aladdin Commerce Sdn Bhd	http://aladdingroup.biz/
2	Asian Famous Tours & Travel Sdn Bhd	https://gojo.asia/ms-en/
3	Atoz Computer Media Sdn Bhd	https://www.atoz2u.com/
4	Carsome Sdn Bhd	https://www.carsome.my/
5	Commerce Dotasia Ventures Sdn Bhd	https://www.commerce.asia/
6	Crayon Software Experts Sdn Bhd	https://www.crayon.com//
7	e1Net Sdn Bhd	https://www.28mall.com/
8	Eco Quote Enterprise	http://www.e-bizit.com/
9	Forest Interactive Sdn Bhd	https://www.forest-interactive.com/
10	Giosis Sdn. Bhd.	https://www.qoo10.my/?__ar=Y

4.4.1 Distribution & Sales Channels: PIKOM Member list		
3 . E-Commerce		
11	Harvess International Sdn Bhd	https://www.harvess.com/
12	Iboxchain Sdn Bhd	https://www.iboxchain.my/
13	iPay88 Holding Sdn Bhd	https://www.ipay88.com/
14	Katy World (M) Sdn. Bhd.	http://www.katyworld.com.my/
15	Ladders Enterprise	https://ladders-online.com.my/
16	Logistics Worldwide Express (M) Sdn Bhd	https://www.lwe.asia/
17	Loong's Leather Shoes Collection	https://www.rayljj009.com/
18	Mobiversa Sdn Bhd	https://www.facebook.com/Mobiversa/
19	Netquas Holiday Sdn Bhd	https://www.netquasholiday.com/
20	Oso Cane Sdn Bhd	https://www.sitec.com.my/

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4.4.1 Distribution & Sales Channels: PIKOM Member list	
3. E-Commerce	
21	Paydibs Sdn Bhd	http://www.paydibs.com/
22	Saltyskins Sdn Bhd	https://www.saltycustoms.com/
23	Scicom (MSC) Berhad	https://scicom-intl.com/
24	SEM Marketing (M) Sdn Bhd	http://www.usbgifts.com.my/
25	Shippop Malaysia Sdn Bhd	https://www.shippop.my/
26	SiteGiant Sdn Bhd	https://www.sitegiant.my/
27	SKYNET WORLDWIDE (M) SDN BHD	https://www.skynet.com.my/
28	Synergy Four Sdn Bhd	https://oxwhite.com/
29	Top Click Sdn Bhd	http://topclick.my/

4.4.1	Distribution & Sales Channels: PIKOM Member list	
4. Data Cloud		
1	Alamtech Dot Com Sdn Bhd	https://www.facebook.com/alamtechkk/
2	B2B Commerce (M) Sdn Bhd	http://www.b2b.com.my/b2b/
3	Banking Technologies Asia MSC Sdn Bhd	https://banktechasia.com/
4	Biz-Suria Management (M) Sdn Bhd	https://www.bizsuria.com.my/
5	Business Information Technology (M) Sdn	https://www.bit.com.my/
6	Catalyst Shared Services Hub (MSC) Sdn B	
7	CLL SYSTEM SDN BHD	http://www.cllsystems.com/
8	Cloud4C Services Sdn Bhd	https://www.cloud4c.com/my/
9	CSF Advisers Sdn Bhd	https://www.csf-group.com/
10	Everworks Solutions (M) Sdn Bhd	https://www.everworks.com/

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4.4.1	Distribution & Sales Channels: PIKOM Member list	
4. Data Cloud		
11	Exabytes Capital Group Sdn Bhd	http://www.exabytes.my/
12	Exitra Sdn Bhd	https://www.exitra.com.my/
13	Experian Marketing Services (M) Sdn Bhd	https://www.experian.com.my/
14	HDC Data Centre Sdn Bhd	https://www.hdc.net.my/
15	Hipercom Technology Sdn Bhd	https://www.hipercom.com.my/
16	HSBC Electronic Data Processing (Malaysia)	http://www.hsbcglobalresourcing.com/ https://www.hsbc.com.my/
17	IBM Malaysia Sdn Bhd	https://www.ibm.com/my-en
18	Infosys Solution	http://www.infosys.com.my/
19	Key Alliance Group Berhad	https://www.kag.com.my/
20	Matrix Connexion Sdn Bhd	https://www.matrixc.com/

4.4.1 Distribution & Sales Channels: PIKOM Member list		
4. Data Cloud		
21	NEM Malaysia Sdn Bhd	http://www.seda.gov.my/reportal/nem/
22	NTT Data Malaysia Sdn Bhd	https://www.nttdata.com/my/en/
23	Powerware Systems Sdn Bhd	http://www.pws.my/
24	Shinjiru Technology Sdn Bhd	https://www.shinjiru.com.my/
25	Strateq Sdn Bhd	https://strateqgroup.com/
26	Synergycentric Sdn Bhd	https://www.sennego.com/supplierIndex?viewDetail&compId=151 http://www.synergycentric.com.my/
27	Sysarmy Sdn. Bhd.	https://www.sysarmy.net/
28	Telecontinent Sdn Bhd	http://telecontinent.com.my/
29	UOB Centre of Excellence (M) Sdn Bhd	https://www.uob.com.my/
30	VADS Bhd	https://www.tmone.com.my/

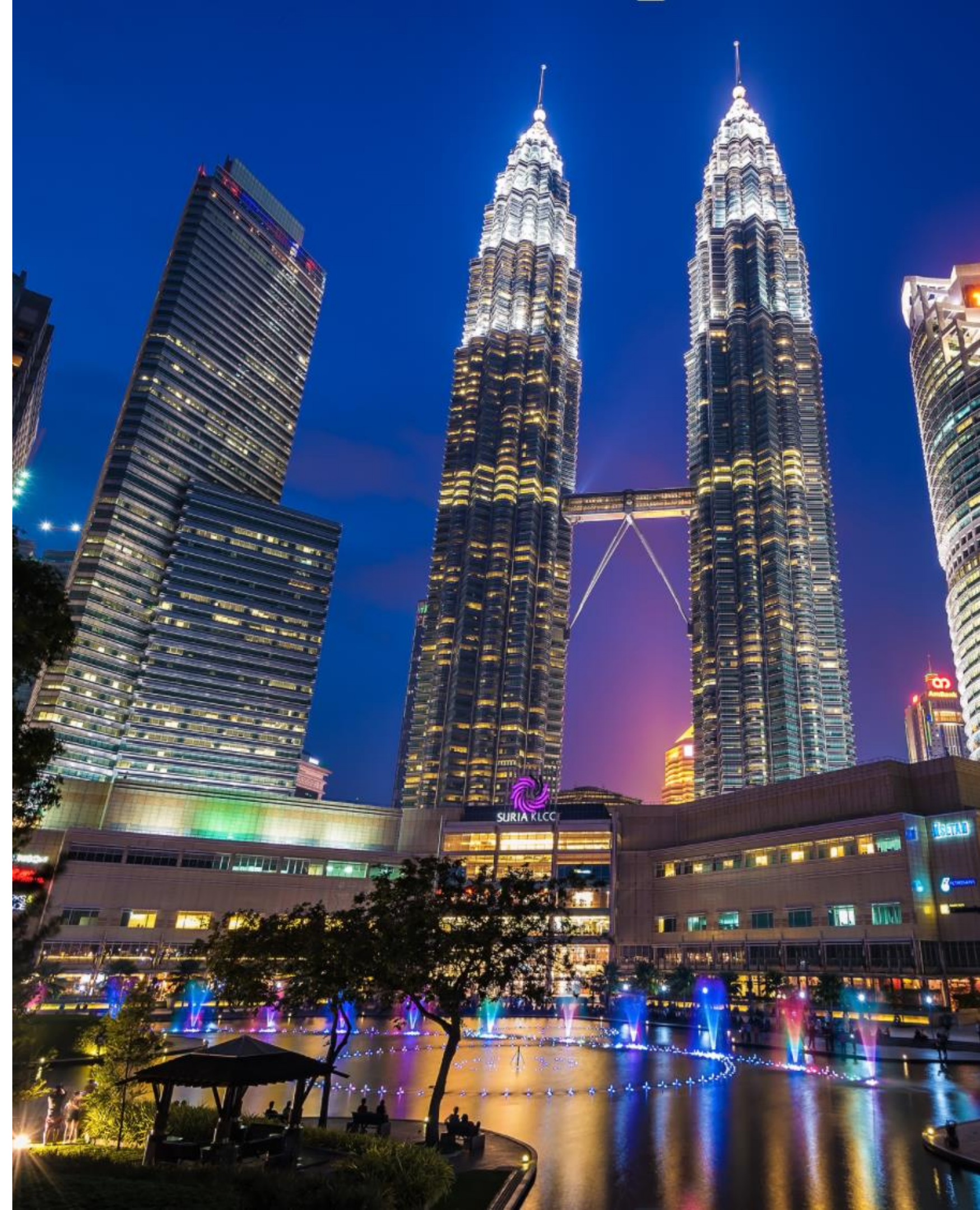| 4.4.1 Distribution Sales Channels: PIKOM Member list	
4. Data Cloud	
31	Veeam Software Malaysia Sdn Bhd	https://www.veeam.com/
32	XMT Technologies Sdn Bhd	https://www.mrcb.com.my/

"

4.4.2
DISTRIBUTION
& SALES CHANNELS:
(MDBC)

4.4.2 Distribution & Sales Channels : MDBC Members

MDBC is the accredited NL Business Hub in Malaysia. As the one-stop center for Dutch companies and entrepreneurs we offer soft landing opportunities through 25 years of experience in doing business in Malaysia, a wide business community (nearly 300 members), and strong government links, including for the relevant sector in this Market Study.

1. Agriculture & Timber (6)
2. Automotive (3)
3. Aviation (3)
4. Chemicals, Cosmetics, Medical, Pharmaceuticals, Biotechnology (4)
5. Construction & Infrastructure (9)
6. Consultancy & Services (47)
7. Consumer Products & Appliances, Food & Beverages (11)
8. Corporate Services, Financial, Human Resources, Insurance, Legal (17)
9. Diversified Conglomerate (4)

4.5
MARKET
ENTRY

4.5 Market Entry – Moving towards Malaysia

1. **Read the Market Study carefully**
   - ❏ Taking both Opportunities and Challenges into consideration

2. **Discuss the options with local parties**
   - ❏ Start with MDBC, followed by introductions to other local parties
   - ❏ How to get access to the main players

3. **Map your potential clients**
   - ❏ How to get access to the potential clients

4. **Check the legal framework**
   - ❏ IP protection, licenses, etc

5. **Define market entry strategy**
   - ❏ B2G, B2B, B2C
   - ❏ Mode of partnership: reseller, partner, distributor; or direct sales

6. **Prepare documentation to initiate business talks**

4.5 Market Entry – Opening your office in Malaysia

After your initial business plan, market study and SWOT analysis on Malaysia:

1. **Prepare investment capital / cost of setting up business and location** [207]
   - ❑ Basic breakdown of fees, office rental pricing and utilities are available on MIDA's website[45] and on SSM's website for full range.
2. **Discuss the options on Company Formation and Business Licenses (and potential investment incentives) with MDBC and MIDA** [207]
   - ❑ Register with the Companies Commission of Malaysia (SSM) and pay stipulated fees. [45]
   - ❑ All foreigners are **only** allowed to register a **private limited by shares (Sendirian Berhad- "Sdn Bhd") company** in Malaysia. [208]
3. **Open a Bank Account** [207]
   - ❑ Not a difficult process, but requirements might vary from bank to bank. [209]
4. **Local Director**
   - ❑ Foreigners incorporating a Private Limited Company in Malaysia are required to have a minimum of ONE Director, where that the Directors must be a resident or have a primary place of residence in Malaysia. [210]
5. **Share Capital**
   - ❑ Company paid up capital requirement ranges from RM250,000 (100% local owned) to RM500,000 (100% foreign owned)
6. **Familiarize with Malaysian Human Resources law and initiate hiring of staff** [207]
7. **Expatriate Services Division permission** [207]
   - ❑ To enable employment of eligible expatriates [211]
8. **Pay Tax** [207]
   - ❑ Company Tax / Personal Income Tax / Sales & Services Tax [45]
9. **Join the Malaysian Dutch Business Council (MDBC) for a soft landing to benefit from its network of local service providers and authorities.**

4.6
LIST OF
ICT EVENTS

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