

Why Malaysia Is a Hot Spot for Offshore Outsourcing

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Kuala Lumpur, Malaysia, 17th October, 2007 -- Malaysia is ranked third in the world by A.T. KEARNEY'S 2007 INDEX as one of the 50 most attractive offshoring locations after India and China in the criteria of financial attractiveness and workforce skills / availability. In the business environment criteria, Malaysia scored 2.0 higher than the 1.4 of India and China.

Cost reduction is a main contributing factor for offshore outsourcing. Nevertheless, savings through labor arbitrage and process efficiencies are not the only reason companies look to Malaysia for competitive advantages. Its low telecom costs, world-class talent pool, low attrition, multilingual workforce, cosmopolitan lifestyle and political stability coupled with its world class innovation and best practices are what made Malaysia a prime location for offshore outsourcing services. Malaysia's attractiveness as a hub for global services delivery is also due in part to the government's policies and incentives for companies locating in MSC Malaysia. Core areas in MSC Malaysia are equipped with high capacity global telecommunications and logistics networks. There are more than 1,800 multinationals and Malaysian companies that are located in this ICT superpower.

"Over the past decade, Malaysia has been home to many large multinationals such as, HSBC, Dell and TRW for their shared services activities. It is also home to many international service providers, such as IBM, EDS, ACS and Satyam, delivering their services globally from Malaysia," says MDeC CEO Badlisham Ghazali. "This has contributed to the vibrant growth in the Shared Services and Outsourcing (SSO) sector in Malaysia, and naturally led to the development of Malaysian companies aspiring to tap into the global SSO pie. This is in line with the government's aspirations to deliver the best for companies operating in Malaysia and, at the same time, develop local capabilities to deliver globally."

More Malaysian providers are demonstrating a partnering approach, flexibility and alignment of interests to enable clients' innovation and strategic growth. A case in point is ea consulting Asia Pacific (eacap), an IT management provider for leading companies and public-sector entities. The company has been listed as one of the "Top 100 Global Most Innovative Service Providers" by Global Services magazine. Vice President Bobby Varanasi explains, "While outsourcing projects are driven by customers' needs to reduce costs, improve quality or move toward more integrated technologies, issues emanating from pace of change, resource resistance toward more accountable systems, etc. pose greater risks. Such risks are amplified if there's no shared ownership, and failure looms large despite well-planned engagements." He added that eacap is committed to risk-based pricing on deliverables and achievement of measurable benefits. A U.S. city council has engaged the firm to implement an Enterprise Resource Planning (ERP) system in an effort to increase the city's responsiveness to citizens. eacap's pricing model with a partnering perspective and required client sign-offs where milestones were achieved attribute to the successes of this project. As a result, it gave the client confidence and ability to control outcomes and ensure flexibility.

eacap along with companies, such as SnT Global, Vsource and SCICOM are part of Outsourcing Malaysia, a not-for-profit organization spearheaded by three leading Malaysian institutions and senior leaders from the global services industry.

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