PM: Build brand in outsourcing

The Star - 2/9/2004 : 12 Perdana

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MALAYSIA is well positioned to be a major player in shared services and outsourcing – estimated to be worth US$500bil globally by 2008 – but the country needs to build a stronger brand around its offshore capabilities, Prime Minister Datuk Seri Abdullah Ahmad Badawi said.

He said a recent global outsourcing survey by A.T. Kearney ranked Malaysia third (behind India and China) in terms of attractiveness as a destination for outsourcing activities.

"We have good infrastructure and a skilled workforce overall for outsourcing activities," Abdullah said after launching the 8th MSC-International Advisory Panel Business Summit 2004 themed *Asia Pacific, Outsourcing*, here yesterday.

However, he added, Malaysia needed to further strengthen its competitive position in this industry.

"Competition from other countries for investments in this industry is particularly keen. Malaysia must move quickly and take advantage of this opportunity to build a stronger brand for itself around its offshore capabilities," he noted.

Abdullah cited the Multimedia Super Corridor (MSC) as one of the country's major successes in gaining global recognition, enabling Malaysia to develop a considerable presence.

Shared services refer to a business model where common services are provided under a single, shared organisation leveraging on economies of scale. Outsourcing of business operations offshore, especially to countries where the cost of operations is lower, has become a common practice among multinationals.

So far, shared services and outsourcing in Malaysia had developed a community of 49 companies, garnering investments of over RM1bil and creating about 8,000 jobs – making it one of the largest sectors in the MSC, Abdullah said.

He said global demand for shared services and outsourcing had risen significantly in recent years and the growth of the industry would be good for Malaysia, as it would help transfer important skills and competencies to local knowledge workers as well as provide exposure to international best practices and standards.

He said the Government, through the Multimedia Development Corp, would continue to promote the MSC as a global hub for companies seeking to establish and grow shared and other high value-added services.

Datuk Seri Abdullah Ahmad Badawi delivering his opening address at the summit