

**SPEECH BY  
YAB DATO' SERI ABDULLAH HAJI AHMAD BADAWI  
AT THE OFFICIAL OPENING OF H.S.B.C. ELECTRONIC DATA PROCESSING  
CENTRE AT CYBERJAYA  
24 MAY 2004**

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ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD AFTERNOON

YB DATO' JAMALUDDIN JARJIS  
MINISTER OF SCIENCE, TECHNOLOGY AND INNOVATION

MR. ZARIR J. CAMA  
DEPUTY CHAIRMAN & CEO, H.S.B.C. BANK (MALAYSIA)

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. LET ME BEGIN BY THANKING H.S.B.C. BANK (MALAYSIA) FOR INVITING ME TO OFFICIATE THE OPENING OF H.S.B.C. ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD., WHICH IS THE BANK'S NEW GROUP SERVICE CENTRE. AS A GLOBAL COMPANY, H.S.B.C. HAS BEEN A PIONEERING FORCE IN EMBRACING NEW TECHNOLOGIES AND I.C.T. AS PART OF ITS EFFORT TO IMPROVE ITS SERVICES. I AM ENCOURAGED TO NOTE THAT H.S.B.C. BANK (MALAYSIA), A BANK THAT FIRST OPENED ITS SERVICES IN MY HOME STATE OF PENANG ABOUT 120 YEARS AGO, HAS CONTINUED TO GROW AND SUPPORT ITS MALAYSIAN OPERATIONS OVER THE YEARS. H.S.B.C. BANK (MALAYSIA) HAS BEEN A SUPPORTIVE PARTNER TO MALAYSIA'S OWN EFFORTS TO BUILD UP A COMPETITIVE AND MODERN FINANCIAL SERVICES HUB, AS WELL AS TO CREATE A WORLD-CLASS I.C.T. HUB. IN PARTICULAR, H.S.B.C. HAS BEEN SUPPORTIVE OF THE MULTIMEDIA SUPER CORRIDOR (M.S.C.) AND WAS AWARDED M.S.C. STATUS IN THE YEAR 2000. SINCE THEN, IT HAS GROWN BY LEAPS AND BOUNDS, AND TODAY, WE ARE HERE TO WITNESS THE OPENING OF ITS FIFTH AND LARGEST GROUP SERVICE CENTRE, WHICH IS ALSO THE FIRST SUCH FACILITY TO BE LOCATED IN SOUTH-EAST ASIA.

LADIES AND GENTLEMEN

2. SHARED SERVICES, A BUSINESS MODEL WHERE COMMON SERVICES ARE PROVIDED UNDER A SINGLE, SHARED ORGANISATION LEVERAGING ON ECONOMIES OF SCALE, IS BECOMING INCREASINGLY POPULAR AMONG MULTINATIONAL COMPANIES AS A WAY TO IMPROVE EFFICIENCY AND LOWER OPERATING COSTS. OUTSOURCING OF BUSINESS OPERATIONS OFFSHORE, ESPECIALLY TO COUNTRIES WHERE THE COST OF OPERATIONS ARE LOWER, IS ALSO BECOMING COMMON PRACTICE AMONG MULTINATIONALS. INDEED, THE GLOBAL DEMAND FOR SHARED SERVICE AND OUTSOURCING CENTRES HAS RISEN DRAMATICALLY IN RECENT YEARS, AND BY THE YEAR 2008, WILL BE WORTH AN ESTIMATED U.S. 500 BILLION DOLLARS.

3. THE OUTSOURCING MODEL HAS OF COURSE NOT BEEN WITHOUT ITS FAIR SHARE OF CONTROVERSY. GOVERNMENTS AND KNOWLEDGE WORKERS IN SOURCE COUNTRIES ESPECIALLY, SEE THE GROWTH OF THE OFFSHORE OUTSOURCING MODEL AS A THREAT TO THE FUTURE GROWTH OF THEIR COUNTRIES' I.T. SECTOR AND I.T.-RELATED JOBS. ON THE OTHER SIDE OF THE SPECTRUM, POTENTIAL HOST COUNTRIES ARE COMPETING INTENSELY WITH EACH OTHER FOR A CHANCE TO HOST SUCH CENTRES, AND THUS GAIN A SHARE OF THIS LUCRATIVE INDUSTRY. H.S.B.C.'S DECISION TO LOCATE ITS GROUP SERVICES CENTRE HERE IN CYBERJAYA WAS PROBABLY NOT AN EASY ONE TO MAKE GIVEN THE AVAILABILITY OF OTHER LOW-COST SERVICES LOCATIONS IN THE REGION. THUS, I AM PLEASED THAT MALAYSIA AND THE M.S.C. WAS ABLE TO MEET H.S.B.C.'S AND OTHER LIKE COMPANIES' NEEDS, AND HOPE THAT SUCH SERVICES WILL BE EXPANDED AND ENHANCED IN THIS IMPORTANT INDUSTRY .

4. WE BELIEVE THAT MALAYSIA HAS MANY SPECIAL FEATURES THAT MAKE IT VERY ATTRACTIVE FOR M.N.C.'S TO LOCATE THEIR SHARED SERVICES CENTRES HERE. OUR BIGGEST SELLING POINT HAS TO BE THE MULTIMEDIA SUPER CORRIDOR. THE M.S.C. BRAND HAS BEEN STEADILY GAINING GLOBAL RECOGNITION AND HAS ENABLED MALAYSIA TO DEVELOP CONSIDERABLE PRESENCE ON THE GLOBAL STAGE. THE M.S.C. CONTINUES TO OFFER LEADING WORLD COMPANIES AN EXCEPTIONAL ENVIRONMENT TO NOT ONLY EXPAND THEIR BUSINESSES, BUT ALSO TO UNDERTAKE RESEARCH, DEVELOP NEW PRODUCTS AND TECHNOLOGIES, AND EXPORT THEIR PRODUCTS.

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5. THE MALAYSIAN GOVERNMENT'S COMMITMENT TO DELIVERING THE BEST OF TECHNOLOGY HERE IS EVIDENT IN THE TECHNOLOGICAL INFRASTRUCTURE PROVIDED BY THE M.S.C., WHICH INCLUDES A WORLD-CLASS, HIGH-CAPACITY DIGITAL FIBRE-OPTIC NETWORK AS WELL AS BUSINESS CENTRES, EFFICIENT TRANSPORTATION AND A HIGH-QUALITY LIVING ENVIRONMENT. THESE PHYSICAL PROVISIONS ARE ALSO SUPPORTED BY "SOFT" INFRASTRUCTURE IN THE FORM OF CYBER LAWS, FINANCIAL AND NON-FINANCIAL INCENTIVES AND APPROPRIATE STRATEGIC POLICIES, AS WELL AS A LARGE POOL OF SKILLED KNOWLEDGE WORKERS.

6. THESE FACTORS HAVE LED MANY M.N.C.'S, INCLUDING BIG NAMES SUCH AS D.H.L., SHELL, B.A.T., I.B.M., PRUDENTIAL AND OF COURSE H.S.B.C., TO ESTABLISH THEIR REGIONAL HUBS WITHIN THE M.S.C.. MANY OTHER COMPANIES ARE NOW LOOKING AT THE MS.C. AS A GLOBAL SHARED SERVICES AND OUTSOURCING HUB. IN FACT, THE RESULTS OF A SURVEY CONDUCTED BY A U.S.-BASED CONSULTING FIRM RANKED MALAYSIA THIRD, BEHIND ONLY INDIA AND CHINA, AS THE MOST ATTRACTIVE DESTINATION FOR SHARED SERVICES AND OUTSOURCING ACTIVITIES. IT IS PARTICULARLY NOTABLE THAT MALAYSIA OUTRANKED OTHER PROMINENT DESTINATIONS SUCH AS THE PHILIPPINES, IRELAND, SINGAPORE, AND THAILAND. ACCORDING TO THE REPORT, MALAYSIA'S ATTRACTIVENESS IS, TO A LARGE EXTENT, DUE TO THE PRESENCE OF THE M.S.C..

OTHER SIGNIFICANT FACTORS INCLUDE THE GOVERNMENT'S GENEROUS FINANCIAL AND NON-FINANCIAL INCENTIVES, AS WELL AS EXTENSIVE INVESTMENT IN THE DEVELOPMENT OF INTELLIGENT CITIES SUCH AS PUTRAJAYA AND CYBERJAYA.

7. TO MAINTAIN THIS MOMENTUM, THE MULTIMEDIA DEVELOPMENT CORPORATION (M.D.C.), IN CLOSE COLLABORATION WITH THE MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION (MOSTI), WILL CONTINUE TO PROMOTE THE M.S.C. AS A PRIME DESTINATION FOR COMPANIES SEEKING TO ESTABLISH SHARED AND OTHER HIGH VALUE-ADDED SERVICES. SPECIFIC MEASURES ARE BEING PUT INTO PLACE TO IMPROVE LOCAL TALENT AND INDUSTRY CAPABILITY, BY LOWERING THE COST OF TRAINING KNOWLEDGE-BASED EMPLOYEES AND TO IMPROVE THE TECHNICAL CAPACITY OF OUR SOFTWARE SOLUTIONS PROVIDERS. OVER THE LONG-TERM, WE WILL DEVELOP NEW SERVICE COMPETENCIES TO MATCH OUR KEY STRENGTHS SUCH AS MULTI-LINGUAL CONTACT CENTRES, ISLAMIC FINANCING, AND BIO-TECH RESEARCH. THE GOVERNMENT WILL ALSO PLAY ITS PART TO LOWER THE COST OF DOING BUSINESS IN THE COUNTRY BY CONTINUING TO IMPROVE ITS PUBLIC SERVICE DELIVERY SYSTEM.

8. IN ORDER TO CONTINUE ATTRACTING M.N.C.'S TO LOCATE HERE IN THE FUTURE, I WOULD ALSO LIKE TO SEE STRONGER COMMUNICATION LINKAGES FORGED BETWEEN M.N.C.'S AND M.D.C. SO THAT THE VALUABLE FEEDBACK AND VIEWS ON HOW M.D.C. OR THE GOVERNMENT CAN IMPROVE ITS SERVICES, INFRASTRUCTURE OR POLICIES, CAN BE CAPTURED AND SUBSEQUENTLY IMPLEMENTED. I BELIEVE THIS WILL BE A GREAT SOURCE OF COMPETITIVE ADVANTAGE FOR THE M.S.C..

LADIES AND GENTLEMEN

9. I AM TOLD THAT THE SHARED SERVICES AND OUTSOURCING INDUSTRY IN MALAYSIA HAS GARNERED INVESTMENTS OF OVER 1 BILLION RINGGIT AND HAS RESULTED IN THE CREATION OF ALMOST 7,000 JOBS. THIS MAKES IT ONE OF THE LARGEST SECTORS IN THE M.S.C. TODAY. WE VIEW THE GROWTH OF SHARED SERVICES CENTRES IN MALAYSIA VERY FAVOURABLY, NOT ONLY AS A VALUABLE SOURCE OF EMPLOYMENT AND INCOME, BUT ALSO AS A SOURCE OF LESS TANGIBLE BUT EQUALLY IMPORTANT BENEFITS – SUCH AS THE TRANSFER OF IMPORTANT SKILLS AND COMPETENCIES TO LOCAL KNOWLEDGE-WORKERS AS WELL AS EXPOSURE TO INTERNATIONAL BEST PRACTICES AND STANDARDS.

10. I AM PLEASED TO KNOW THAT THIS PARTICULAR GROUP SERVICE CENTRE OF H.S.B.C. WILL FOCUS ON PROVIDING EXTENSIVE TRAINING FOR ITS EMPLOYEES IN MASTERING ENGLISH LANGUAGE SKILLS. AS I HAVE ALWAYS SAID, IT IS IMPORTANT FOR MALAYSIAN WORKERS TO MASTER ENGLISH, AS IT HAS BECOME A UNIVERSAL LANGUAGE AND THE LANGUAGE OF CHOICE IN BUSINESS TRANSACTIONS. THUS, ON THE WHOLE, I BELIEVE THAT THE SHARED SERVICES AND OUTSOURCING INDUSTRY CAN BENEFIT MALAYSIA BY CATALYSING ITS HOME-GROWN TALENT AND NURTURE BETTER LOCAL COMPANIES TO BE GLOBALLY COMPETITIVE THROUGH THE TRANSFER OF TECHNOLOGY AND SKILLS.

LADIES AND GENTLEMEN

11. THE OPENING OF H.S.B.C.'S GROUP SERVICES CENTRE IN CYBERJAYA REPRESENTS AN INTEGRAL PART OF THE COMMITMENT THAT MULTINATIONALS HAVE SHOWN TOWARDS THE DEVELOPMENT OF THE M.S.C. AS A VIABLE BUSINESS COMMUNITY. MORE AND MORE INVESTORS ARE SATISFIED WITH THE QUALITY OF OUR WORKFORCE AS WELL AS WITH THE SUSTAINED ECONOMIC AND POLITICAL STABILITY ENJOYED BY MALAYSIA, WHICH HAS CONTRIBUTED TO THE GROWTH OF THE M.S.C. OVER THE LAST SEVERAL YEARS. THIS, IN TURN, SHOULD PERPETUATE A HIGHER LEVEL OF GLOBAL AWARENESS OF THE M.S.C.'S STRENGTHS AS A POTENTIAL OFFSHORE HUB.

12. I WOULD LIKE TO EXPRESS MY APPRECIATION TO H.S.B.C. FOR DEMONSTRATING ITS CONFIDENCE IN THE M.S.C., ESPECIALLY IN RECOGNISING THE INFRASTRUCTURE, SERVICES AND INCENTIVES ON OFFER HERE. INDEED, I BELIEVE MANY MORE M.N.C.'S WILL SEE THE BENEFITS OF LOCATING IN MALAYSIA AND THE M.S.C., AS WE CONTINUE TO WORK HARD TO IMPROVE OUR VALUE PROPOSITION TO WOULD-BE INVESTORS.

13. LASTLY, I WOULD LIKE TO OFFER MY CONGRATULATIONS TO H.S.B.C. ON THE OPENING OF ITS GROUP SERVICES CENTRE, AND WISH H.S.B.C. BANK (MALAYSIA) CONTINUED SUCCESS. WITH THAT, IT IS MY HONOUR TO OFFICIALLY DECLARE THE H.S.B.C. ELECTRONIC DATA PROCESSING CENTRE (MALAYSIA) OPEN.

THANK YOU.