

SPEECH BY
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AT THE LAUNCH OF 'OUTSOURCING MALAYSIA' IN CONJUNCTION WITH THE
WORLD CONGRESS ON INFORMATION TECHNOLOGY (W.C.I.T.) 2006
AT HOTEL, AUSTIN, TEXAS
4 MAY 2006

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. I AM PLEASED TO BE HERE IN AUSTIN, TEXAS TO KICK OFF MY PARTICIPATION AT THE WORLD CONGRESS ON INFORMATION TECHNOLOGY (W.C.I.T.) 2006 BY LAUNCHING "OUTSOURCING MALAYSIA" – AN IMPORTANT INITIATIVE THAT IS AIMED AT PROMOTING AND DEVELOPING MALAYSIA'S OUTSOURCING INDUSTRY AS WELL AS TO POSITION THE COUNTRY AS A LEADING GLOBAL HUB FOR HIGH-VALUE SHARED SERVICES AND OUTSOURCING (S.S.O.) OPERATIONS.

2. INDEED, SHARED SERVICES HAS BECOME A CRITICAL ELEMENT IN TODAY'S BUSINESS WORLD. IT IS A TOP STRATEGIC CONCERN FACED BY MOST MULTINATIONAL COMPANIES. AS A BUSINESS MODEL WHERE COMMON SERVICES ARE PROVIDED UNDER A SINGLE, SHARED ORGANISATION, AND WHICH LEVERAGES ON ECONOMIES OF SCALE, S.S.O. IS NOW AN IMPORTANT TOOL TO IMPROVE EFFICIENCY AND LOWER OPERATING COSTS, AND THEREBY RESULT IN HIGHER PROFITABILITY AS WELL AS GENERATE SUPERIOR VALUE CREATION.

3. THE FASTEST GROWING SEGMENT OF THE S.S.O. INDUSTRY IS THE OUTSOURCING OF BUSINESS OPERATIONS OFFSHORE, ESPECIALLY TO COUNTRIES WHERE THE COST OF OPERATIONS IS LOWER. I BELIEVE THAT MALAYSIA CAN TRULY SHINE IN THIS AREA OF THE S.S.O. INDUSTRY. THIS IS BECAUSE MALAYSIA OFFERS CUTTING-EDGE SOPHISTICATION AT A FRACTION OF THE COST – COMPARABLE WITH THE LOWEST OVERALL COST IN THE ASIAN REGION. AS SUCH, MALAYSIA'S UNIQUE PACKAGE OF COMMERCIAL AND LIFESTYLE OPTIONS WILL PROVIDE THE GLOBAL INDUSTRY WITH OVERALL COST SAVINGS, AS WELL AS QUALITY SERVICES THAT ARE SECOND TO NONE.

4. MALAYSIA'S TAG LINE FOR THE S.S.O. INDUSTRY IS "THE BEST OF ALL WORLDS". THIS IS APPROPRIATE, AS I STRONGLY BELIEVE THAT WE ARE POSITIONED TO DELIVER HIGH QUALITY TALENT; COUPLED WITH A COMPETITIVE COST STRUCTURE FOR CONDUCTING BUSINESS; IN A WORLD-CLASS COMMERCIAL ENVIRONMENT. WITH POLITICAL STABILITY, SAFE AND SECURE LOCATION, SOUND INFRASTRUCTURE, LOW COST OF LIVING, HIGH QUALITY OF LIFE, SKILLED HUMAN CAPITAL, SMALL STAFF ATTRITION RATES, LOW WAGE INFLATION, AND THE LOWEST TELECOMMUNICATIONS COST, WE BELIEVE WE HAVE WHAT IT TAKES TO SUCCEED IN THE S.S.O. INDUSTRY.

5. IN ALL, SEVEN URBAN AND REGIONAL AREAS HAVE BEEN DEVELOPED WITH THESE REQUIREMENTS IN MIND TO SERVICE THE S.S.O. COMMUNITY, AND FOUR MORE ARE BEING PLANNED. ALL THESE LOCATIONS WILL COME WITH HIGH-QUALITY UTILITIES, HIGH-SPEED INTERNET CONNECTIONS AND MODERN TRANSPORTATION FACILITIES.

6. IN TERMS OF HUMAN RESOURCES, COMPANIES HAVE AT THEIR DISPOSAL A WELL-EDUCATED WORKFORCE, WITH MULTIPLE SKILLS AND MULTIPLE LANGUAGE PROFICIENCIES, INCLUDING ENGLISH. OVER 95 PERCENT OF MALAYSIAN GRADUATES FROM ABROAD ELECT TO RETURN AND WORK AT HOME, WHICH HAS MADE THE MALAYSIAN WORKFORCE HIGHLY DIVERSE – IN TOUCH WITH WESTERN AND EASTERN MUSIC, ART, FILM, SPORTS AND CULTURE, BUT AT THE SAME HOLDING FAST TO SOUND VALUES AND POSSESSING A STRONG WORK ETHIC. IN ADDITION, EMPLOYERS CAN ALSO TAP A GROWING POOL OF HIGH-QUALITY GRADUATES FROM WELL-REGARDED LOCAL UNIVERSITIES AND OTHER INSTITUTIONS OF HIGHER LEARNING AT VERY COMPETITIVE RATES.

LADIES AND GENTLEMEN

7. I AM PLEASED TO SAY THAT IN THE LAST DECADE OR SO SINCE WE BEGAN TO DEVELOP THE S.S.O. INDUSTRY IN MALAYSIA, WE HAVE ACHIEVED SOME NOTABLE SUCCESSES. CURRENTLY, MANY WELL-RESPECTED MULTINATIONAL FIRMS SUCH AS H.S.B.C., D.H.L., B.M.W. AND VARIOUS AMERICAN FIRMS SUCH AS E.D.S., A.C.S. AND I.B.M. HAVE ESTABLISHED OPERATIONS IN MALAYSIA, WITH MANY MORE IN THE PIPELINE. THESE FIRMS ARE EXPERIENCING FOR THEMSELVES WHAT “FROST AND SULLIVAN”, “A.T. KEARNEY” AS WELL AS “MCKINSEY & CO.”, HAVE REPORTED – THAT MALAYSIA IS A GLOBAL LEADER IN S.S.O. OPERATIONS, AND HAS CONSISTENTLY BEEN RANKED AS THE THIRD MOST ATTRACTIVE DESTINATION FOR S.S.O., BEHIND ONLY INDIA AND CHINA.

8. TODAY, THERE ARE MORE THAN 40,000 EMPLOYEES WORKING IN M.S.C. MALAYSIA, WITH THE S.S.O. CLUSTER OF COMPANIES ACCOUNTING FOR 40 PER CENT OF THESE JOBS. FUELED BY THE CONTINUOUS GROWTH OF THE ASIAN MARKET, IT IS PROJECTED THAT THE S.S.O. CLUSTER WILL INCREASE TO ACCOMMODATE 100,000 EMPLOYEES IN THE NEAR FUTURE. IN MALAYSIA, WE RECOGNISE THE IMPORTANCE OF HUMAN CAPITAL DEVELOPMENT IN MOVING OUR ECONOMY UP THE VALUE-CHAIN. IN THE CASE OF S.S.O. COMPANIES, THE MAIN HUMAN RESOURCE CONCERNS REVOLVE AROUND HAVING A STEADY AND EXPANDING STREAM OF SKILLED KNOWLEDGE-WORKERS TO SERVE THEIR CURRENT AND EXPANSION NEEDS.

9. MALAYSIA CONTINUES TO GIVE PARTICULAR EMPHASIS TO DEVELOPING KNOWLEDGE-WORKERS TO HELP TRANSFORM THE COUNTRY TO BECOME A KNOWLEDGE-BASED ECONOMY. WHILE THE EDUCATION SYSTEM IS FURTHER REFORMED AND IMPROVED FROM TOP TO BOTTOM, OTHER NECESSARY STEPS ARE ALSO BEING UNDERTAKEN. TO ENSURE THAT THERE IS A STEADY AND EXPANDING

POOL OF SKILLED KNOWLEDGE WORKERS FOR KEY SECTORS LIKE S.S.O., MALAYSIAN UNIVERSITIES HAVE ALREADY BEGUN TO OFFER SPECIALISED COURSES IN S.S.O.. IN ADDITION, A TALENT DEVELOPMENT INSTITUTE IS BEING SET UP BY THE MULTIMEDIA DEVELOPMENT CORPORATION (M-DEC), TO ENSURE THAT THE RIGHT KIND OF TALENT, WITH THE RIGHT SKILLS AND EXPERTISE, ARE DIRECTLY AVAILABLE TO MEET THE NEEDS OF S.S.O. COMPANIES IN MALAYSIA.

10. OVER THE LONG TERM, I BELIEVE THAT MALAYSIA HAS THE POTENTIAL TO GROW ITS S.S.O. INDUSTRY EVEN FURTHER. THIS BRINGS ME TO THE NEXT PART OF MY SPEECH, WHICH IS TO INTRODUCE THE "OUTSOURCING MALAYSIA" INITIATIVE. 'OUTSOURCING MALAYSIA' IS AN INTERNATIONAL PROGRAM WITHIN OUR CURRENT S.S.O. FRAMEWORK, AND IS FOCUSED ON INCREASING MALAYSIA'S PARTNERSHIPS WITH THE GLOBAL S.S.O. INDUSTRY – AN INDUSTRY REACHING ALMOST ONE TRILLION U.S. DOLLARS IN SIZE.

11. ACCORDING TO LEADING OUTSOURCING ANALYSTS NEO-I.T., MALAYSIA HAS THE THIRD LARGEST CONTINGENT OF WORLD-CLASS OUTSOURCING PLAYERS. 'OUTSOURCING MALAYSIA' IS THUS AN INITIATIVE TO POOL TOGETHER THE RESOURCES AND EXPERTISE OF ALL THE PLAYERS WITHIN THE MALAYSIAN S.S.O. INDUSTRY TO PROMOTE MALAYSIA'S GLOBAL VISIBILITY IN THE OUTSOURCING INDUSTRY; AS WELL AS TO POSITION THE COUNTRY AS A LEADING HUB FOR S.S.O. OPERATIONS TO ENABLE GLOBAL COMPANIES TO LEVERAGE ON TOP-CLASS MALAYSIAN CAPABILITIES.

12. ESSENTIALLY, OUTSOURCING MALAYSIA IS A CONSORTIUM OF LEADING S.S.O. PLAYERS, LED AND MANAGED BY SENIOR AND LEADING INDUSTRY EXPERTS, TO TAKE MALAYSIAN S.S.O. TO THE NEXT LEVEL. THE CONSORTIUM HAS BEEN FORMED THROUGH A COLLABORATIVE GOVERNMENT-INDUSTRY APPROACH, WITH M-DEC, THE ASSOCIATION OF THE COMPUTER AND MULTIMEDIA INDUSTRY OF MALAYSIA (PIKOM) AS WELL AS MALAYSIA DEBT VENTURES (M.D.V.) AS INSTITUTIONAL PARTNERS.

13. I UNDERSTAND THAT ONE OF THE FIRST TASKS OF OUTSOURCING MALAYSIA IS TO PROMOTE THE S.S.O. INDUSTRY IN MALAYSIA BY IDENTIFYING, DEVELOPING AND PROMOTING THE KEY ADVANTAGES OF THE S.S.O. INDUSTRY IN THE COUNTRY TO A LARGER INTERNATIONAL AUDIENCE. ONE KEY ADVANTAGE WE HOLD IS THAT MANY S.S.O. COMPANIES IN MALAYSIA HAVE EXPERTISE IN PARTICULAR NICHE SECTORS, SUCH AS FINANCE, ENERGY, LOGISTICS AND TECHNOLOGY, WHICH HAVE ENABLED THEM TO DELIVER HIGH-QUALITY, SPECIALISED SERVICES. COMPARED TO OTHER DESTINATIONS THAT OFFER GENERIC SERVICES AND SOLUTIONS FOR ALL COMPANIES, MALAYSIAN S.S.O. COMPANIES ARE ABLE TO PROVIDE A HIGHER-LEVEL OF SERVICE AND ADVANCED SOLUTIONS THAT MEET THE INCREASINGLY COMPLEX SOURCING AND MULTI-SOURCING NEEDS OF GLOBAL COMPANIES.

14. ANOTHER KEY ADVANTAGE OF S.S.O. IN MALAYSIA LIES IN MALAYSIA'S MULTI-ETHNIC COMPOSITION CONSISTING OF MALAYS, CHINESE AND INDIANS – THE MAJOR RACIAL GROUPS IN ASIA. THIS SITUATION GIVES MALAYSIAN S.S.O.

COMPANIES THE ADDED ADVANTAGE OF BEING ABLE TO HANDLE OPERATIONS IN MULTIPLE LANGUAGES. THEREFORE, MALAYSIA'S POSITIONING AS THE "GATEWAY TO ASIA" IS PARTICULARLY APT. TODAY, MANY MALAYSIAN S.S.O. COMPANIES ALREADY SERVE THE GREATER ASIAN MARKET, WHICH INCLUDES CHINA, INDIA, ASEAN, JAPAN, AUSTRALASIA AND WEST ASIA. THUS, PARTNERING WITH MALAYSIAN S.S.O. COMPANIES WILL ENABLE MULTINATIONAL FIRMS TO GAIN A STRONG Foothold WITHIN THESE HIGH GROWTH MARKETS, WHICH COULD IN TURN SERVE THE NEEDS OF SUCH FIRMS' GLOBAL OPERATIONS.

LADIES AND GENTLEMEN

15. MALAYSIA HAS OFTEN BEEN CALLED ONE OF THE WORLD'S BEST KEPT SECRETS. BUT THIS SHOULD NO LONGER BE THE CASE, AS WE ARE DETERMINED TO TELL OUR STORY AND MOVE FORWARD. WE WANT TO ESTABLISH BROADER AND DEEPER LINKS WITH COUNTRIES AND COMPANIES THROUGHOUT THE GLOBE. WE BELIEVE WE HAVE MANY ADVANTAGES THAT WE CAN SHARE. MY COUNTRY IS A TRUE MICROCOSM OF ASIA, AND IS CONSIDERED HOME TO PEOPLE WHO ARE TRULY MULTI-LINGUAL AND MULTI-CULTURAL. MALAYSIA IS FOUNDED ON A HIGHLY DEVELOPED SENSE OF TRADE, GLOBALISATION AND MUTUAL BENEFIT, WHICH HAS BEEN THE CASE FOR MANY GENERATIONS SPANNING HUNDREDS OF YEARS. I AM HERE TO SAY TO YOU: COME TO MALAYSIA AND TO M.S.C. MALAYSIA. NOT ONLY WILL YOU DISCOVER THE BEST OF MALAYSIA, BUT ALSO OF ASIA AND PERHAPS, THE WORLD.

16. ON THAT NOTE, IT GIVES ME GREAT PLEASURE TO OFFICIALLY LAUNCH "OUTSOURCING MALAYSIA".

THANK YOU.