



# Why Malaysia Is a Hot Spot for Offshore Outsourcing

## Proven Value Beyond Cost Reduction

By Kathleen Goolsby



If you're thinking of capitalizing on the benefits of offshore outsourcing and haven't considered Malaysia, think again.

**A.T.** KEARNEY'S 2007 INDEX of the 50 most attractive offshoring locations ranks Malaysia third in the world, hot on the heels of 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.

Malaysia's service providers offer market-leading services. SnT Global, for example, offers e-Fulfillment, after-market services and contact center services, but it specializes in lead logistics management. It manages logistics activities of its clients' suppliers around the world, including interpreting diverse performance metrics, facilitating tighter delivery schedules, reducing costs, managing warranties and ensuring less product damage.

Chief Executive Officer David Wong says SnT's expertise extends beyond its proprietary supply chain software and process methodology. "We focus on customer

relationships and act long-term to bring the best resources to clients. We are always in discovery mode, seeking ways to raise the bar to help our clients grow their business."

Cost reduction is still a driver for offshore outsourcing, but savings through labor arbitrage and process efficiencies are a given today and not the only reason companies look to Malaysia for competitive advantages. Malaysian providers are demonstrating a partnering approach, flexibility and alignment of interests to enable clients' innovation and strategic growth.

"Partnering is the backbone of our client relationships," states Abdul Hamid Sheikh Mohamed, executive director, Vsource Asia. "Our clients are typically in a rapid-expansion mode and entering or growing new markets in the Asia-Pacific region. We accelerate their presence and increase chances of success."

In addition to contact management solutions, Vsource Asia, named among the





## About MSC Malaysia

MSC Malaysia is a Malaysian government initiative providing a test bed for global ICT. Its enabling environment facilitates companies' harnessing ICT and multimedia technologies' full potential and attracts global ICT companies to develop and host leading-edge technologies in MSC Malaysia Cybercities. It is also a growth environment for transforming Malaysian ICT SMEs into world-class companies. Explore the opportunities of locating in MSC Malaysia and being part of this global network.

[www.msc.com.my](http://www.msc.com.my)

"Top 10 Best Performing Global Call Centre Providers" in 2007 by CMP Media's *Global Services* magazine, provides human resources solutions and front-end services such as direct sales of clients' products.

Vsource assisted a client in meeting its timeline in a buy-out situation. It provided integrated payroll solutions for 6,000 employees across six countries, enabling completion of the acquisition and integration within three months instead of six, achieving significant risk and cost reduction.



Badlisham Ghazali, CEO, MDeC

Malaysia is also home to EA Consulting Asia Pacific (EA Cap), an IT management provider for leading companies and public-sector entities. Listed as one of the "Top 100 Global Most Innovative Service Providers" by *Global Services* magazine, EA Cap also places emphasis on a partnering mind-set. 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 says EA Cap commits to risk-based pricing based on deliverables and achievement of measurable benefits. When a U.S. city council engaged the firm to implement an enterprise resource planning (ERP) system to increase the city's responsiveness to citizens, EA Cap's pricing model with a partnering perspective and required client sign-offs where milestones were achieved gave the client confidence of its ability to control outcomes and ensure flexibility.

"Providing total customer delight" is the aim of SCICOM (MSC), Malaysia's largest contact center provider. It serves companies

a not-for-profit organization spearheaded by three leading Malaysian institutions and senior leaders from the global services industry. In addition to innovation and best practices, Malaysia is a prime location for offshore outsourcing services because of its low telecom costs, world-class talent pool, low attrition, multilingual workforce (speaking all Asia-Pacific and Mid-East languages and dialects), cosmopolitan lifestyle and political stability.

"Over the past decade, Malaysia has been home to many large multinationals such as HSBC, Dell and TRW for their

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in 70 countries and in over 41 languages. According to Leo Ariyanayakam, CEO and group executive director, SCICOM has an open-book model, providing operational and financial transparency to clients. Its "future-ready" contact centers enable visibility of customer calls and e-mails in Malaysia and India at the same time.

SCICOM's change-management tools and cultural change program are significant benefits to clients transitioning work to SCICOM. There is usually resistance when companies transition an in-house situation or animosity when they transition from another service provider. "We have a dedicated project management office with experienced professionals who plug the gaps to minimize disruption during transition," states Ariyanayakam. "This is key not only to achieving value in terms of quality and cost from the outset, but also to protect clients' brands."

These companies are part of Outsourcing Malaysia ([www.outsourcingmalaysia.org.my](http://www.outsourcingmalaysia.org.my)),

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."

Malaysia's attractiveness as a hub for global services delivery is 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. More than 1,800 multinationals and Malaysian companies are located in this ICT superpower. ■