



Global business services of Malaysia

MSC Malaysia

<http://www.mscomalaysia.my>

Global Business Services (GBS) is an integration of services that make with the best competitive strategy that utilizes Information and Communication Technology (ICT), Finance and Accounting, Human Resources, and Engineering Design and Services. It has become an essential tool in accelerating and complimenting global business services approaches as more companies are leveraging on global business services strategies to align their business objectives and obtain economies of scale.

As part of the Business Services projects of the National Key Economic Areas (NKEA), GBS is an industry that is fast gaining momentum in Malaysia, being one of the focuses in the country's Economic Transformation Plan. In transforming Malaysia into a "high income" economy, MDEC is the driving force that enhances the Capability, Capacity and the Credibility (3Cs) of this industry to develop a "world-class" GBS hub.

With a vibrant ICT and an international standard service industry, the global management consulting firm, AT Kearney has consecutively ranked Malaysia third in their Global Services Location Index since 2004, which measures financial attractiveness, people skills and availability, and business environment. Malaysia is also ranked Number 18 in World Bank's Ease of Doing Business Report & Number 14 in IMD World Competitiveness Ranking 2015.

Whether it's the workforce, competitive cost, outsourcing infrastructure, ICT facilities or world-class business infrastructure, Malaysia has the best resources to accommodate to the demands of enterprises today. To date, there are more than 350 foreign and multinational companies who have set up regional and global shared services and outsourcing centres in Malaysia, bringing along billions of Ringgit worth of investments and thousands of jobs opportunities. These companies are currently performing various GBS activities within these 6 industry verticals:

- a) Banking, Financial Services & Insurance (BFSI)
- b) Information & Communication Technology (ICT)
- c) Pharmaceutical & Health (P&H)
- d) Logistics & Transportation (L&T)
- e) Energy, Chemical & Resources (ECR) f) Fast Moving Consumer Goods (FMCG)

These GBS activities are categorized into 3:

The bulk of activities conducted in an GBS environment are business processes that can be either the back-end or front -end operations. The activities include consolidation of internal business functions such as human resource, finance and accounting, and customer service that includes call centres and technical support.

1. Business Process Outsourcing (BPO)

Transactional-type internal (back-office) business functions such as human resources or finance & accounting and front-office functions which include customer-related services such as marketing and contact center services.

2. Information Technology Outsourcing (ITO)

Transactional-type IT and IT-related functions such as programming, technical support, desktop and server support, network and security systems etc.

3. Knowledge Process Outsourcing (KPO)

Value-added processes which are highly complex and require the talent of professionals with widespread educational backing. The profile essentially requires specific and advanced knowledge of a particular domain or specialty. In the KPO context, the emphasis will be far more on talent than on physical infrastructure. Therefore, it will be more knowledge centric rather than capital centric.

High value services - moving up the value chain

The Malaysia Digital Economy Corporation (MDEC) is set to drive the industry's next phase of development and subsequently move Malaysia up the value chain with its focus on the high-yield KPO sector. KPO types of activities and services are highly encouraged with new investments and further develop niche areas such as expanding the Engineering and Design services to Oil and Gas industry, and beyond.

Meanwhile, the cluster is facilitating the growth of local outsourcers under the Entry Point Projects 2 (EPP2) programme. Incentives and initiatives are provided to allow smaller local players to flourish, and the benchmark for these EPP2 companies is set against the International Association of Outsourcing Professionals (IAOP).

Programmes that facilitate market expansion in terms of funding needs such as private equity and venture capitals, as well as to nurture the local companies with respect to growth, market expansion, market access, and the promotion of industry dialogue were formulated and implemented.



Guidelines for preparing a detailed project report

Small Industries Development Bank of India (SIDBI), India

<http://smallb.sidbi.in>

Your company seeking financial assistance for implementation of its business idea is required to prepare a Project Report covering certain important aspects of the project are: Promoters background/experience; Product with capacity to be built up and processes involved; Project location; Cost of the Project and Means of financing thereof; Availability of utilities; Technical arrangements; Market Prospects and Selling arrangements; Environmental aspects; and Profitability projections and Cash flows for the entire repayment period of financial assistance

Management evaluation

- Memorandum and Articles of Association: Object, authorised and paid-up share capital, promoter's contribution, borrowing powers, list of directors on the Board, terms of appointment of directors
- Your company as the Promoter : Corporate plan of the Company, projects promoted/implemented/under implementation, Bankers' report on dealings and repayment of past loan assistance, details of group companies, operations, balance sheet and profit & loss account of the promoter company
- New Promoters: Educational background, any industrial experience, family background, sources of income, details of personal properties, banker's reference, income tax/ wealth tax returns
- Management and Organisation set up : Broad composition of the Board, details of full time directors and their responsibilities, details of Chief executive and functional executives including qualification, experience, organisation set-up for existing company and during project implementation for new company.

Technical feasibility

- Technology and manufacturing process : Proven/new technology, basis of selection of technology, competing technologies, performance data of plants based on the technology, details of licensor of technology, process flow chart and description
- Location of the Project: Locational advantage, availability of raw material and other utilities, infrastructure facilities, availability of labour, environmental aspects
- Plant and Machinery: List of machinery & equipment, details of suppliers, competitive quotations, technical & commercial evaluation of major equipment
- Raw material, Utilities and Manpower: Details of raw materials and suppliers, electricity and water supply, basis of manpower estimates, details of manpower eg. managerial, supervisory, skilled/unskilled, training needs

- Contracts: Agreement with contractors detailing on know-how, engineering, procurement, construction, financial soundness and experience of contractors
- Project monitoring and implementation: Mode of implementation, details of monitoring team, detailed schedule of implementation.

Commercial viability

- Existing and potential market demand and supply for the proposed product in respect of volume and pattern
- Share of the proposed product of the company in the total market through marketing strategy
- Selling price of the product and export potential, if any.
- Buy-back arrangements, if any.

Financial appraisal

- Cost of the Project: This includes the cost of land & site development, building, plant & machinery, technical know-how & engineering fees, miscellaneous fixed assets, preliminary & preoperative expenses, contingencies, margin money for working capital.
- Means of Financing: Means of financing shall have to conform to proper mix of share capital and debt. This includes share capital, unsecured loans from Promoters/associates, internal accruals, term loans, Government subsidy/grant. Reasonableness of Promoters' contribution in the form of equity and interest-free unsecured loans, if any, is ascertained in view of commitment to the Project.
- Profitability Projections: Past records of financial performance of Your company will be examined. Your company needs to submit profitability estimates, cash flow and projected balance sheet for the project and for the Company as a whole.

Economic viability

- Your company will have to take real value of input as against the value accounted in financial analysis for the purpose of economic evaluation of the project.
- Your company should carry out social cost benefit analysis as a measure of the costs and benefits of the project to Society and the Economy.
- Economic analysis is therefore aimed at inherent strength of the Project to withstand international competition on its own.