

INVESTKL

MNCs MOVING UP VALUE CHAIN IN GREATER KL

KL offers plenty of business opportunities in transportation, defence and digital transformation

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MANY global companies have opened regional services hubs, providing high-value employment opportunities and at the same time supporting Malaysia's transformation towards becoming a high value services-driven economy.

In a recent announcement, International Trade and Industry Ministry minister Datuk Darell Leiking said the services sector contributed RM16.5 billion in approved foreign direct investments last year. It continues to be the cornerstone of the nation's economic growth as it was the largest contributor to total approved investments last year.

The government unveiled 2019 Budget to plot a path forward for the country and trust that with the existing policies in place, Malaysia can and will continue to spark confidence in investors.

This has paved the way for enhanced productivity, job creation and highly-skilled talent pool.

The success of regional business services is notable, especially an increase in global multinationals that have chosen Greater Kuala Lumpur to set up their high value regional services hubs.

One of the multinationals is Indra, a Spanish global technology company that delivers core business operations technology in various industries, such as transport, traffic and amp, defence as well as specialises in digital transformation for industries and public administrations.

Indra has set up its regional hub for the transport market in Kuala Lumpur.

Indra's managing director Gabriel Moyano Vazquez said Malaysia is attractive for the Spanish information technology solutions company. The country offers plenty of business opportunities in most areas such as



Gabriel Moyano Vazquez

transportation, defence, and digital transformation.

"Malaysia is a stable economy with flexible, attractive regulations and is business-friendly. That holds promising opportunities in our fields of expertise. For that reason, after many years of executing projects in the country, it has become the hub for our Asia Pacific Transport Business Unit," Moyano Vazquez told the *New Straits Times*.

Indra has executed projects in Malaysia in the areas of transport, air traffic management, defence and digital transformation in several industries, such as airlines and oil and gas. It has an office here with a team of more than 50 highly-qualified professionals, of which 70 per cent are Malaysians.

In transportation, Indra is implementing an Integrated Common Payment System for Prasarana for seamless passenger movement, said Moyano Vazquez.

"Indra will continue to contribute in the technology arena through its solutions in main projects in Malaysia as well as through the Industrial Collaboration Programmes with which we intend to enhance the capability of the existing workforce and develop new talent and skills," he added.

He said InvestKL has been a key facilitating partner in helping Indra move up the value chain. It has introduced Indra to the local ecosystem, local enterprises and education institutions.

It is through participation in InvestKL's Malaysia Global Talent programme that Indra is heavily engaged with local education institutions.

Universiti Kuala Lumpur, is one of the few local universities



Carl Schou

to provide rail-related studies. The collaboration with Universiti Kuala Lumpur includes working and planning the course syllabus with various faculties in ensuring that students are taught the latest up-to-date subjects in preparation for their career the relevant fields.

This further cements Indra's plans to keep its position in the transportation field and expand in other fields such as the security, defence markets and digital transformation in the energy sector.

"Indra has interned and employed several of its students," said Moyano Vazquez.

Another multinational that has grown its regional business services hub is Wilhelmsen Ship Management, a global third-party ship manager in the maritime industry. They have set-up their regional headquarters in Greater Kuala Lumpur and have big plans to extend the services from this regional headquarters in developing and supporting its digital technology in the region.

Wilhelmsen Ship Management president Carl Schou said it aims to continue to strengthen its footprint here, leveraging on the government's stable ecosystem of digital technology. Wilhelmsen Ship Management, a Norwegian-based ship management company, is one of the top 10 ship managers in the world with presence in some 20 countries.

"We have different segments of operations in Kuala Lumpur and employ more than 200 people," said Schou.

Wilhelmsen Ship Management's services initially provided key technical management for ships and crew management, accounting and finance services for



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the ships including crew, procurement, information and technology services for vessels, global marketing and communication and global human resource.

New activities supported by the Kuala Lumpur office, especially in the digital and IoT sphere, include Robotics Process Automation for their financial services in the Asia Pacific region.

"Our company initially had a hub in Hong Kong. But we moved to Malaysia in 1994 and kicked off with the ship management business in Kuala Lumpur as the city had been the right place for relocation as it was geographically well-located," he said.

Schou said it received a good value proposition in terms of cost and support from the government.

"We managed to attract people to work with us as the workforce is competent with English-speaking ability and the cost of manpower is considerably at a good rate in the region.

"InvestKL supports by facilitating our requirements and helping to solve issues with government agencies," he said.

An area where InvestKL is facilitating is enabling collaboration between Wilhelmsen Ship Management and local universities in building up the maritime talent ecosystem.

In the advent of the digital technology, Schou said it was vital for Wilhelmsen Ship Management to develop and enhance its business presence with the new digital technology.

As a conservative industry, Schou said the shipping sector has a lot to learn and more momentum is expected to develop or move into the digital sphere.

He said Malaysia has the talent pool and Wilhelmsen Ship Management is confident in finding and recruiting the right young people, who are digitally-focused with the right digital competency in Malaysia, to accommodate their business model as it adopts a more inclusive innovation and

digitalisation agenda.

"Our drive is towards digitalisation, to make our operations more efficient and competitive. The local environment is supportive of the ecosystem in building up a strong digital competency in KL.

"We have to invest quite a lot in digital technology and innovation sphere to develop our local business proportionately. We see Malaysia as an important place for the expansion of our global business."

"We see the sector getting less crew onboard the ship but more digitalisation and innovation, which will automate low value, repetitive jobs. However, this will not happen in one to two years.

"We see autonomous ships being designed and built. We will see smaller ships being run autonomously on coastal water in the near future but most of the ships — deep sea fleet — would need some time as international regulations are sort out," he said.

InvestKL chief executive officer Datuk Zainal Amanshah said MNCs are taking advantage of the country's sophisticated business ecosystem particularly on the high value services activities.

"There is now a shift away from the normal shared services and basic hub activities. MNCs are moving up the value chain where the degree of innovation and usage of digital is high, requiring our talent to be more creative in their thinking and decision making. These are the activities which will create more high-paying jobs for locals and increase MNCs' competitiveness."

"Kuala Lumpur continues to gain good investment tractions from MNCs due to our rapid urbanisation, robust infrastructure and a strong eco-system," he said.

He said the government initiative on Industry 4.0 would add to strengthen Malaysia's proposition as a choice for MNCs to set up regional services hubs in the Asian region.