

MSC MALAYSIA

The National ICT Initiative



MSC Malaysia (Multimedia Super Corridor) is
a
National Initiative towards transforming
Malaysia into a leader in the knowledge based
economy



VISION:

An innovation-led,
knowledge-rich and
progressive society
and nation



The MSC Malaysia Status

What is MSC Malaysia Status?

- Recognition by the Malaysian Government through MDeC for companies that participate and undertake its ICT activities in the MSC Malaysia

Who Should Be In The MSC Malaysia?

- Local and Foreign Companies that develop or use multimedia technologies to produce or enhance their product and services and or process development

Multimedia Development Corporation

Malaysian Government

Industry



- One-stop shop for the MSC Malaysia
- Incorporated under the Malaysian Companies Act but mandated by Malaysian government
- Financed through equity and loan

Incentives in MSC Malaysia

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The Comprehensive Package

The Government of Malaysia commits the following **Bill of Guarantees** to MSC Malaysia Status Companies:

1. To provide a world-class physical and information infrastructure.
2. To allow unrestricted employment of local and foreign knowledge workers.
3. To ensure freedom of ownership by exempting companies with MSC Malaysia status from local ownership requirements.
4. To give freedom to source capital globally for MSC Malaysia infrastructure, and the right to borrow funds globally.
5. To provide competitive financial incentives, including Pioneer status (100 percent tax exemption) for up to ten years or an Investment Tax Allowance for up to five years and no duties on the importation of multimedia equipment
6. To become a regional leader in Intellectual Property Protection and Cyberlaws
7. To ensure no censorship of the Internet
8. To provide globally competitive telecommunications tariffs
9. To tender key MSC infrastructure contracts to leading companies willing to use MSC Malaysia as their regional hub
10. To provide a high-powered implementation agency (MDeC) to act as an effective one-stop super shop

MSC Malaysia Status Qualifying Criteria

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www.msomalaysia.my



Qualifying Criteria For MSC Malaysia Status

1. Provider or heavy user of IT & multimedia products & services
2. Employ a substantial number of knowledge workers
3. Strong value proposition specifying how operations will contribute to the development of
MSC Malaysia
4. Establish separate legal entity for MSC-qualifying activities
5. Locate in an MSC Malaysia-designated Cybercities
6. Comply with environmental guidelines

Knowledge Worker (KW) Definition

KWs are those who hold:

- Academic qualification (Degree) from an institute of higher learning (any field),

OR

- Diploma in multimedia/ICT or specialized ICT certification plus at least 2 years' relevant experience in multimedia/ICT or in a field that is a heavy user of ICT,

OR

- Professional, executive, management and technical, work categories in ITES (IT-enabled services) e.g. IT/IS Professionals, Finance/Accounting, Business Admin

Also includes:

- **Global Sourcing** - Foreign workers with the required knowledge-based skills not prevalent in Malaysia
- **Creative Multimedia** - workers who are utilized for their creative talent to produce value-add creative works for the company

Activities Not Eligible For MSC Malaysia Status

1. Trading companies / resellers
2. Configuration of existing foreign developed software
3. Integration of 3rd party software & hardware
4. Manufacturing
5. Technical Support Services for 3rd party providers
6. Licensed MCMC VOIP/Telecom service providers
7. Global Sourcing companies that provide services for Malaysia only
8. Companies already enjoying Pioneer Status/ITA
9. Companies formed for sole purpose of undertaking contractual work for Malaysian Federal Govt/ State Govts only
10. Companies seeking to bring in Foreign Knowledge Workers for subcontract (Body shopping) and turn-key projects



MSC Malaysia Status Qualifying Activities

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MSC Malaysia: 3 Industry Clusters

INFORMATION TECHNOLOGY (INFOTECH)

MSC Malaysia Status companies undertaking study, design, development, implementation, technical services or support, marketing and management of any computing based information system of any platform or technology brand



CREATIVE MULTIMEDIA CLUSTER (CMC)

MSC Malaysia Status companies specialising in the design of multimedia content that comprises the integrated collections of computer based media including (but not limited to) text, graphics, sound, animation, photo images and video



SHARED SERVICES & OUTSOURCING (SSO)

Shared Services

A business whereby common services are provided by a single organisation leveraging on economies of scale

Outsourcing

A provision of service from a country that is geographically removed from the client



What is Shared Services & Outsourcing

Shared Services

- The concentration of company resources performing like activities, typically spread across the organization, in order to service multiple internal partners at lower cost and with higher service levels, with the common goal of delighting external customers and enhancing corporate value
- (Schulman et al 1999)

Outsourcing

- Outsourcing is the act of transferring some of an organization's recurring internal activities and decision rights to outside providers, as set forth in a contract
- (Greaver 1999)



- Shared Services- a model where common services are provided under a single, shared organization leveraging on economies of scale e.g. IT, call centre, software dev, data centre consolidation
- Outsourcing – results oriented shared service partnership with an external service provider e.g. business process outsourcing, IT Outsourcing
- Global/regional in IT in sourcing and outsourcing models
- Global/regional business process service providers

Criteria	Sector	MSC Malaysia (Foreign)	MSC Malaysia (Local)
Headcount	SSO	50 Knowledge Workers in 5 years or 20 Knowledge Workers with Average Salary \geq RM10K	30 Knowledge Workers in 5 years or 20 Knowledge Workers with Average Salary \geq RM8K
Exports	SSO + Data Centers	70% exports by 5 th year of MSC status	20% or RM0.5M exports by 5 th year MSC status (whichever is lower)
Location	SSO + Data Centers	70% of investment located within designated areas	30% of investment located within designated area
Investment	Data Centers	RM 10 M CAPEX in 5 years	RM 5 M CAPEX in 5 years

- Companies whose core business activity revolves around multimedia content creation, processing, packaging and aggregation and delivery activities
- Digital content development, aggregation, packaging and delivery on any platform
- Post production/animation/virtual reality applications
 - a. Production of Multimedia & New Media Content IP
 - b. Production Process (include for interactive content)
 - c. Post Production : Digital Audio and Visual EFX /Computer Graphics based (CGI)
 - d. Animation: 2D/3D, Virtual Reality, Simulation
 - e. Aggregation/Packaging of Content
 - f. Digital Delivery of Content

MSC Malaysia Status Application Process

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MSC Malaysia Status Application Process

Process for Pre-Application Stage

- Register pre-application online via <http://wizard.msc.com.my/wizard>
- Evaluation of pre-application details
- Acceptance of pre-application
- Assignment of successful pre-application to a MDeC's Business Analyst

Process for Internal Assessment

- Submission of 3 years business and financial plan online via <http://wizard.msc.com.my/wizard>
- Evaluation of Commercial & Technical aspects of the business plan by MDeC's Business Analyst
- Evaluation of financial projection of the financial plan by MDeC's Financial Analyst

Process for Formal Application

- Submission of mandatory supporting documents by applicant:
 - a. **3 copies of business plan**
 - b. **Application form**
 - c. **ROC documents (form 9, 24, 49 and 13/32A (if any))**
 - d. **3 year audited report of substantial stakeholders of the company**
 - e. **A non-refundable processing fee of RM2,000 to "Multimedia Development Corporation S/B"**
- Issuance of **Letter of Acceptance** to applicant

Process for Approval

- Presentation of the business proposal to the Approval Committee by Business Analyst
- Approval given after Ministry of Finance and Ministry of International Trade & Industry agree to the recommendation made by the MSC Malaysia Approval Committee

Contact Us



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MSC Malaysia Client Contact Centre (CliC)

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