



**BUSINESS SERVICES**



**ESTABLISHING MALAYSIA'S  
NICHE IN THE GLOBAL  
BUSINESS SERVICES INDUSTRY**



**YB DATO' SRI MUSTAPA MOHAMED**  
Minister of International Trade and Industry

Malaysia continues to retain its position as a competitive location for business services globally. This year, the Business Services sector secured RM41.1 billion in investments and recorded a GNI of RM64 billion, which puts the NKEA on track to achieve the overall 2020 GNI target of RM78.7 billion. The overall investments comprised of contributions from shared services and outsourcing (SSO), green technology and aerospace projects. The local global business services sector is expected to see a compounded annual growth rate (CAGR) of 10%-15% for the next three years.

The aerospace sector has emerged as a key engine of growth in the business services sector. It has created over 21,000 job opportunities since the inception of the NKEA and achieved significant expansion in 2017 with more than 200 small and medium enterprises (SMEs) now involved in the aerospace industry. Malaysia has also positioned itself as a critical supplier of aircraft structural components. For instance, UMW Aerospace is the first Malaysian company to be a tier-1 supplier to Rolls-Royce, with value of contract worth RM830 million as of 2017.

GBS Iskandar is also poised to strengthen Malaysia's competitive ability to capture a larger share of the growing global business services market. To date, GBS Iskandar has created over 2,800 professional jobs while successfully attracting over RM1.4 billion (US\$315 million) in committed investments.

Additionally, Malaysia has retained its third ranking in AT Kearney's Global Services Location Index

for the past 14 consecutive years since 2004. On top of that, Malaysia remains among the top 25 countries in the world in terms of ease of doing business which reflects continuous effort by the Government to make Malaysia as an attractive business destination.

## AEROSPACE INDUSTRY CONTINUES TO SOAR

The aerospace industry continued to surge forward in 2017, recording an annual revenue of RM6.96 billion\* and attracting RM600 million\* in investment. The total aerospace industry revenue comprises revenue from three aerospace focus areas under this NKEA, namely SME manufacturing (RM17.2 million), Maintenance, Repair and Overhaul (MRO) services (RM6.23 billion\*), and pure-play engineering services (RM125 million\*). Overall, current investments into the aerospace industry stand at RM2.55 billion\* against the 2020 target of RM1.9 billion.

A noteworthy development within the aerospace industry in 2017 was the appointment of Composites Technology Research Malaysia (CTRM) Sdn Bhd as a single-source supplier for the manufacture and supply of Airbus A350 fan cowls. CTRM has thus far invested RM93.4 million towards the construction of facilities which will boost its capacity to meet future increase in demand of Airbus A320 and A350 aircraft parts. Moreover, Malaysia has positioned itself as a producer of aero engine parts, following

the operationalisation of UMW Aerospace’s fan case manufacturing facility in Serendah, Selangor. Once all phases of the project are complete, the facility will be able to produce up to 250 units of fan cases worth RM770 million annually. The fan cases will be used as part of Rolls Royce’s Trent 1000 engine for the B-787 Dreamliner passenger aircraft, as well as the Trent 700 engines for the Airbus A330 Neo. Malaysian aerospace players have also developed to become suppliers of composite and metallic aero structure components for Airbus and Boeing. This is a testament to the technical know-how and high-value manufacturing prowess of local players.

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Significant strides were also made in the MRO sector of the industry in the past year. One of the sector’s key players, Sepang Aircraft Engineering (SAE), officially opened its second hangar in 2017. The hangar covers 12,000 m<sup>2</sup> and will boost SAE’s capacity to handle the Airbus A320 family and accommodate two aircrafts for major maintenance



Launch of the new Sepang Aircraft Engineering hangar.

\*Figures projected by the National Aerospace Industry Coordinating Office (NAICO) as of Jan 2018.



checks at one time, thus complementing the 37,000 m<sup>2</sup> first hangar which can accommodate six single-aisle aircraft or two widebody aircrafts. It also features Malaysia's first eco-friendly closed-door dedicated paint bay, as well as state-of-the-art workshops for the repair and overhaul of a wide range of components used on Airbus aircraft, including hydraulic and pneumatic systems.

The Government has made it a priority to encourage the development of a large and thriving aerospace domain. It will also look to boost the capacity and capabilities of local aerospace companies to ensure they will be globally competitive. To this end, SME Corporation Malaysia (SME Corp) has conducted programmes to nurture and raise the capacity of suitably qualified small and medium enterprises (SMEs), helping to prepare them for success in the aerospace market. Some 20 SMEs have been selected over the past two years to be part of this grooming programme. The majority of these companies have been successfully AS9100 certified and have generated RM17.2million in revenue to date.

The National Aerospace Industry Coordinating Office (NAICO) has also continued to spearhead the Government's efforts to facilitate industry coordination and enhance partnerships. As part of these efforts, NAICO has strategically expanded its global network and pursued closer collaborations with aerospace industry bodies in two other emerging aerospace countries, Mexico and Morocco. It has also conducted intelligence gathering activities across Asia and Europe. These efforts are expected to result in more opportunities for local companies to enter new markets while at the same time help draw more foreign direct investment.

NAICO has also led various talent-based initiatives to ensure a steady supply of qualified talent for the industry. The initiatives include the development of a Critical Occupation List for aerospace in collaboration with TalentCorp Malaysia. An Industry-Based Education Training (IBET) centre located at MARA Advanced Skills College (KKTM) Masjid Tanah was also established as a result of a collaboration between CTRM, Aerospace Malaysia Innovation Centre (AMIC) and Council of Trust for the Bumiputera (MARA). The centre will offer industry-based training programmes.

## MOVING UP THE OUTSOURCING VALUE CHAIN

The shared services and outsourcing (SSO) sector, also known as Global Business Services (GBS), continues to grow from strength to strength, with annual export revenue of RM3 billion\* with investments of RM731 million\*. However, to ensure Malaysia's continued competitiveness in GBS, the country must achieve its goal of transitioning from being primarily a Business Process Outsourcing (BPO) player to a Knowledge Process Outsourcing (KPO) hub.

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In view of the goal to move further up the SSO value chain and transform Malaysia into a KPO hub, the Government has placed significant emphasis on the development of qualified talent to support the SSO ecosystem, especially in terms of advanced and high-value activities. As such, the Malaysia Digital Economy Corporation (MDEC) and Talent Corporation Malaysia (TalentCorp) have together launched the Industry-Academia Collaboration for Global Business Services (IAC-GBS). Through the IAC-GBS, universities, Government entities and industries will collaborate to design and develop curricula for short courses and industrial training that are relevant for the KPO transition. IAC-GBS is an innovative model that covers the full spectrum of training and placement activities from end-to-end. It involves creating awareness, providing internship and certification opportunities, implementing curriculum embedment, organising

\*Figures projected by the Malaysia Digital Economy Corporation (MDEC) as of Jan 2018.



**Official launching ceremony of Aegis in Iskandar Puteri.**

industry-focused competitions and boot camps as well as upskilling graduates. As of 2017, 21 employers and six higher learning institutions have participated in programmes organised by IAC-GBS. More than 300 participants have enrolled in IAC-GBS programmes since 2015, of which roughly 70% have been successfully placed in GBS companies.

Down south, the Iskandar Puteri city in Johor continues to develop as a GBS hub. It has seen over RM1.6 billion in GBS-related investments and over 3,000 jobs created in the sector to date. In 2017, it welcomed several new entrants such as Aegis, Courts, KPMG and Technopals, bringing in a total investment of RM447.7 million and creating 1,397 new jobs.

The MSC Malaysia Status was also awarded to two office complexes located in Iskandar Puteri, namely Medini 7 and Medini 9. This is a reflection of the availability of world-class services, infrastructure and amenities in Iskandar, which aligns with the goal for the entire Medini development to attain 'smart city' status.

In line with this, a new steering committee was set up in 2016 to focus on administering the development of the city as well as to ensure that Iskandar Puteri stays on track to achieve the investment target of RM6.5 billion by 2020. To achieve this, the committee will focus on accelerating the flow of business services investments in Iskandar Puteri as well as put in place plans to buffer against the challenging global economic climate. Several

collaborations with industry stakeholders were also carried out to develop a sustainable talent pool for Iskandar Puteri, including the GBS Iskandar Campus Connect initiative and the GBS Iskandar Readiness Enhancement Dedicated Skilling (REDS) programme, aimed at upskilling Malaysians with skills required by GBS and assisting in job placements.

A Client Engagement Programme has also been formulated to increase client retention rates and enhance the appeal and attractiveness of Iskandar Puteri. The programme will feature community-centric activities such as sports tournaments and knowledge-sharing activities.

## DEVELOPING DATA CENTRES IN MALAYSIA

The Data Centre (DC) sector saw revenue of RM1.0 billion\* in 2017. The DC sector has received a boost with the Government's adoption of the "Cloud First" Strategy into the national agenda, with implementation beginning with the public sector. The adoption of cloud technology will bring innovative public services to the rakyat without incurring high capital expenditure by investing in information technology infrastructure such as data centres, servers and storage.

Malaysia has also successfully attracted foreign investments such as Alibaba Cloud and the acquisition of CSF CX Sdn Bhd by Bridge Data Centres. Alibaba Cloud, the cloud computing arm of Alibaba Group, will support local SMEs and offer training programs such as the Alibaba Cloud Certified Professional (ACP) certification.

As part of Malaysia's aspirations to be a pioneer in technology investment policies, a Trusted Data Zone (TDZ) draft Bill is stated to be tabled in Parliament in 2018. The TDZ is aimed at developing progressive technology governance policies, specifically for data centres. It is expected that the TDZ will also strengthen Malaysia's stature as a DC hub.

\*Figures projected by the Malaysia Digital Economy Corporation (MDEC) as of Jan 2018.



## NAVIGATING THE SHIPBUILDING AND SHIP REPAIR INDUSTRY TOWARDS GROWTH

The shipbuilding and ship repair (SBSR) industry in Malaysia is developing at a steady rate, with total exports of RM700 million in 2016, representing an increase of 2.5% from 2015. In order to facilitate further growth of the industry, a SBSR Advisory Panel was established in 2017. The panel, led by the Malaysian Investment Development Authority (MIDA) and assisted by the Malaysian Industry-Government Group for High Technology (MIGHT), is mandated to initiate and drive key projects to develop the SBSR industry.

The Government launched the modernisation of fishing vessels initiative in 2017, which is aimed at upgrading the vessels in the fishing industry from wooden hulls to steel/fibreglass hulls to ensure robust standards regarding safety, hygiene and overall seaworthiness. Echoing this, the Department of Fisheries has devised the standards and design for the steel/fibreglass vessels, whereas financing schemes to support this initiative are offered by MIDA and Agrobank to enable fishing industry players to upgrade their vessels, in line with the goal to modernise the local fishing industry.

## LEVERAGING GREEN TECHNOLOGY FOR A SUSTAINABLE FUTURE

The green technology sector continues to advance, generating RM6.1 billion in revenue and attracting RM2.9 billion in investments in 2017. As the custodian of green initiatives in the country, the Ministry of Energy, Green Technology and Water (KeTTHA) annually organises the International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM). The event serves as a platform for Malaysian solution providers and green energy businesses to tap into the fast expanding ASEAN market by showcasing the latest innovations to policy makers, Government organisations, investors and members of the mass market under the IGEM brand.

The eighth IGEM was held on 11 to 13 October 2017, attracting 34,868 global attendees and 320 participating companies from over 30 countries. A total of RM1.6 billion in investments were secured during the event.

***“It is anticipated that by 2030, green businesses will contribute approximately 1.5% to the nation’s GDP, or equivalent to RM60 billion.”***

Among key highlights at the exhibition was the unveiling of the Green Technology Master Plan (GTMP). The Master Plan outlines Malaysia’s green technology strategy to create a resource-efficient and low-carbon footprint economy. It aims to boost the growth and development of Malaysia’s green technology sector, with a target revenue of RM180 billion and creation of more than 200,000 green jobs by 2030. It is anticipated that by 2030, green businesses will contribute approximately 1.5% to the nation’s Gross Domestic Products (GDP), or equivalent to RM60 billion, as compared to RM7.9 billion in 2013. The Master Plan also aims to achieve RM86.3 billion in total investment in the green technology sector.

Additionally, the GTMP outlines the Government’s commitment to shift the country from mere green technology adoption to green technology production. The ultimate objective of the shift is to cement Malaysia’s position as a forerunner in the global green movement as part of the National Transformation 2050 (TN50) aspirations.



**Launch of the Green Technology Master Plan at IGEM2017.**

## Malaysia's Aerospace Poised to Soar

The Malaysian aerospace industry has made impressive strides in becoming a regional aerospace hub. Especially when taking into consideration the fact that Malaysia is now the single source supplier for Airbus A530 fan cowls; as well as manufacturing of fan cases for the Trent 1000 and Trent 7000 Rolls Royce engines.

The growth and development of aerospace manufacturing stems in large part to efforts by the Government to develop the sector through the National Transformation Programme and ministry initiatives such as the National Aerospace Industry Coordinating Office (NAICO). The latter was established in August 2015 to develop and enhance the aerospace industry, implement the Malaysian Aerospace Industry Blueprint 2030, coordinate and monitor aerospace industry development programs, and be the referral point for foreign and domestic investors.

Shamsul Kamar Abu Samah, Head of NAICO, said that the outlook for the Malaysian aerospace sector continues to be promising thanks to the expansion of its two major airlines – AirAsia and Malaysia Airlines.

“More aircrafts mean more engineering activities,” said Shamsul. He added that Malaysia has to act fast to establish itself as a regional hub and tap into the anticipated boom in aircraft delivery with some 16,000 aircrafts expected to be delivered by 2036 to the Asia Pacific region. Not only that, one quarter of the 16,000 aircraft are expected to make their way to South East Asian customers.

“We need to grab this opportunity,” he said. “We need to be fast as other countries in the region are also looking to do this. This means that engagement with global players is very crucial.”

To this end, NAICO has pushed hard on national developmental activities. To sharpen the nation's



Shamsul Kamar Abu Samah, Head of National Aerospace Industry Coordinating Office.



competitive edge and position the industry for the future, NAICO along with its industry partners such as Aerospace Malaysia Innovation Centre (AMIC) developed the National Research and Technology Roadmap to identify strategic research areas. The roadmap is expected to be launched in 2018. The roadmap will chart the technological competency focus areas of the Malaysian ecosystem as well as direct university research, government assistance and technology acquisition.

As aerospace is also a highly-skilled and knowledge-intensive industry, NAICO also worked with the Council of Trust for the Bumiputera (MARA) and the Ministry of Higher Education (MOHE) to develop the required aerospace related human resources the country needs. It was also appointed by the Ministry of Human Resources (MOHR) to lead the aerospace skills development framework.

It also worked with SME Corporation Malaysia (SME Corp) to develop Malaysia's aerospace SMEs, including SMEs that are not currently involved in the aerospace sector but would like to venture into it. NAICO is also involved in the development of infrastructure to support the growth of the aerospace industry. It worked closely with Malaysia Airports Holdings Berhad (MAHB) to promote the development of the KLIA Aeropolis, and UMW to develop the Aerospace Hard Metal Manufacturing Park in Serendah, Selangor.

Shamsul noted that the National Transformation Programme and its aerospace specific initiatives also helped to boost Malaysia's profile as a regional Maintenance, Repair and Overhaul (MRO) destination as well as develop a pool of competitive SMEs. "The National Transformation Programme through its various projects have really assisted in our efforts to develop the local aerospace ecosystem," said Shamsul.

Additionally, Shamsul noted that the main challenge facing the local industry is convincing Malaysia companies to embark on Industry 4.0 to ensure the industry remains sustainable.

"We need to move into different ways of producing parts and components," he said. "Smart robots, online automation and 3D printing needs to be introduced to our shop floors. We need to do it because in developed countries, they are looking into it. If we are not competitive enough, they will pull out the activities that they previously outsourced. It is critical for us to understand this." To address this challenge and assist the industry to move into Industry 4.0, NAICO along with Ministry of International Trade and Industry (MITI) are developing the National Industry 4.0 Blueprint. The blueprint is expected to be launched in the first quarter of 2018.

Shamsul added that all elements of the Malaysian aerospace ecosystem should work more closely together and represent the country as one. He noted that Japan develops clusters of industries in selected geographical regions and the companies within the clusters are able to pool their resources and strengths and submit a unified bid for projects and tenders, increasing their chances of winning.

"We need to strengthen the local ecosystem, cluster our capabilities and offer better solutions to original equipment manufacturers (OEMs) and Tier 1 companies," he said. "This way they can see that a strong ecosystem is being built in Malaysia and this is the place that they need to be."

## Johor SME Takes to the Skies

Aerospace Partners Engineering (APE) is a Johor-based small and medium enterprise (SME) that makes parts for aircraft interior fit-out companies based in Singapore. Started in 2010 by a former Malaysia Airlines employee, Jeffrey Lee, APE has managed to win significant contracts including a deal in 2012 to fabricate parts eventually fitted on Singapore Airlines' Business Class seats. It is currently capable of making some 2,000 different precision machined parts that are used in aircrafts all over the world including SilkAir, Xiamen Airlines and Aeromexico.

APE is also one of the graduates of the NKEA Business Services which benefited from initiatives to enhance the development of SMEs in the global aerospace manufacturing industry. Led by SME Corporation Malaysia (SME Corp) as part of EPP8 - Developing SMEs in the Global Aerospace Manufacturing Industry, SMEs are placed in a year-long development program to bring them up to speed with what is required to be a supplier to global aerospace original equipment manufacturers (OEMs) and Tier-1 companies. Although APE was invited to apply for admission to the program, admission was not

automatic but competitive, and APE had to make a presentation to SME Corp in order to be selected.

During the program, APE was brought to the United Kingdom for a learning experience through immersion in the aerospace industry. There, program participants visited the Farnborough Airshow as well as attended special industry sessions at Cranfield University. At Cranfield, APE and the other Malaysian SMEs were given a course on what it takes to be successful in the aerospace business as well as how to drive the business.

Back in Malaysia, the SMEs were introduced to potential aerospace OEM customers operating in the country such as Spirit AeroSystems and UMW. They were also given briefings by aerospace certification experts and met with Airbus representatives who outlined what was needed in order to become a supplier to the global aviation manufacturer.

Lee says that the NKEA also helped APE to connect to potential Tier-1 and Tier-2 customers and partners in Malaysia. It also served as a networking platform for SMEs to share experiences, skills and resources, which could help in submitting more competitive bids for contracts.



Computer numerical control (CNC) tooling machine.



As part of the program, APE also received a RM500,000 productivity enhancement grant from SME Corp which assisted in increasing APE's production capabilities.

"SME Corp held our hand and looked to see where they could help in terms of information and financial assistance," said Lee.

The aerospace entrepreneur also noted that National Transformation Programme initiatives such as Asia Aerospace City and the Malaysian Aerospace Industry Blueprint 2030 would help draw in bigger aerospace OEMs which in turn would help boost the local industry and enhance Malaysia's competitiveness as an aerospace hub.

"Overall, the aerospace landscape has improved under the National Transformation Programme. We now know what it takes to build a complete aerospace ecosystem in Malaysia," says Lee.

For the future, APE has plans to expand its current manufacturing capacity from 4,000 machining hours per month to 10,000 machining hours per month. It is also looking to expand its workforce from 30 employees to 100 employees in the next 5 years.

Lee also said that he wants the company to move up the value chain and upgrade itself from its current Tier-2/Tier-3 status and become a Tier-1 manufacturer. This would mean APE would eventually own its own designs, do assembly and kitting work and well as perform research and development.

"We want to move up the value chain and do work that is at the higher end," said Lee.

In terms of improving the operating environment for aerospace SMEs, the APE founder says that the Government could help lower the capital expenditure requirements to move into Industry 4.0, speed up processing, as well as help connect SMEs with Tier-1 companies. He also notes that the fluctuations in foreign exchange rates and rising costs may impact the Malaysian aerospace sector's regional competitiveness.



**Additive manufacturing machine.**

"Additionally, while the Government has encouraged more companies to adopt Industry 4.0 technologies and innovations to position themselves for the future and become more competitive, the exercise is a costly one that could run into the millions," says Lee. He suggests that the Government consider schemes that could help lower the financial barrier for SMEs to adopt Industry 4.0 technologies such as 3D printing.

Lee also suggests that due to the speed at which the country's competitors are moving, bureaucracy could be minimised to further enhance Malaysia's competitiveness. He adds that the Government could also look into providing incentives for Tier-1 and Tier-2 companies operating in Malaysia to work with SMEs to grow the overall industry, either by helping with technology transfer or by taking up more Malaysian made content.

"We should partner more SMEs with Tier-1 and Tier-2 companies," he says.

## Ensuring a Greener Future for Malaysia

Malaysians can look forward to a future that is cleaner, greener and more sustainable thanks to initiatives to reduce carbon emissions, a better waste management policies and a strong commitment by the Government to develop the green technology sector under the NTP.

From the phasing out of conventional gas-guzzling automobiles in favour of electric vehicles to the recycling of wastewater for industrial use, the country has already mapped out where it wants to go in the Green Technology Master Plan Malaysia (GTMP). The GTMP, which was developed by the Ministry of Energy, Green Technology and Water (Kementerian Tenaga, Teknologi Hijau dan Air, KeTTHA), is a framework that facilitates the mainstreaming of green technology in the country, strengthening the role of green technology as well as using it as a catalyst to drive sustainable growth.

Among targets set out under the GTMP, include for new vehicles to be 100% electric and energy efficient, 15% of waste water to be treated and for the number of green certified buildings in the country to reach 1,750, all by the year 2030.

The hefty 200-page GTMP which was launched in October 2017, is a significant achievement for the country and will further accelerate the expansion of the green technology sector which is already a growing presence in the country, says Dato' Seri Ir. Dr. Zaini Ujang, Secretary General of KeTTHA. He points out that green technology and policies cut across many Ministries and portfolios – from housing to transport to the environment to energy - making it difficult for many countries to come up with a consensus on how to move forward and to commit to targets.

“When I was in Europe, people asked me: ‘How do you get everyone to agree on a single masterplan?’” says Dato' Seri Ir. Dr. Zaini. “In some countries, they just agree on general carbon emission principles but not on the details, whereas in Malaysia, we go into six sectors and itemise the parameters and detail the ways to move forward.”

He credits the strong commitment from the top leadership in Government for the success in getting all Ministries to work together on a common roadmap. “The YAB Prime Minister is the driving force behind it,” he says, adding that the YAB Prime Minister chairs the Malaysian Green Technology and Climate Change Council twice a year.

With the GTMP in place, Dato' Seri Ir. Dr. Zaini expects the local green economy, which according to him contributes

approximately RM50 billion to the Malaysian economy currently, to grow about 5% every year in terms of realised investments. The sector's growth thus far has been reflected by developments in the area of green energy, for which Malaysia is one of the largest producers of solar panels in the world and is also home to among the highest numbers of green certified buildings in the world.

The Secretary General explains that starting from 2018, budget allocations for the construction of new sewage treatment plants will be removed and channelled towards wastewater recycling plants. This will enable a higher rate of recycling wastewater, which, in turn, will remove the need for any new dams in the country.

Some RM5 billion in funds have also been approved for the Green Technology Financing Scheme 2.0 (GTFS 2.0), which is run by the Malaysian Green Technology Corporation (GreenTech Malaysia). The allocated funds will last up to the year 2022. GTFS aims to boost the growth of green technology companies by assisting with financing through soft loans.

Dato' Seri Ir. Dr. Zaini says that all that remains is for Malaysians to adopt a greener lifestyle and culture which will stimulate demand for more green technology, products and services.

Dr. Mohd Azman Zainul Abidin, Group CEO of GreenTech Malaysia, concurs, saying that the world is downsizing carbon footprints and Malaysians need to embrace this. Countries such as Sweden, for example, are establishing and integrating their waste and water into the electricity supply grid, while India's MRT system in Bangalore and Hyderabad was built with its train stations utilising renewable energy.

In line with this movement, RM7.05 billion has been approved as green investments from 319 projects to date to help Malaysia reduce its carbon footprint. “The green economy is the way forward,” says Dr. Mohd Azman, adding that GreenTech Malaysia will heavily focus on smart sustainable cities and low carbon mobility, besides continuing the promotion of renewable energy and energy efficiency, sustainable waste, water and manufacturing processes.

In terms of ways to enhance the development of the green economy, Dr. Mohd Azman believes that green initiatives should be supported by more legislation which would empower greater levels of funding and authority. This would enable the agency to carry out green technology initiatives more effectively.



## MOVING FORWARD ▶▶

NKEA Business Services has seen its fair share of ups and downs over the years. Technological advancements and global economic realities have impacted initiatives that were initially charted out at the beginning of the journey, necessitating changes to the NKEA initiatives along the way.

For example, the increasingly challenging global financial environment has led to large MRO companies downsizing their MRO activities within Malaysia. In the data centre industry, the advancement of cloud technology has forced industry players to adjust their data centre design principles accordingly, as companies consolidated their hardware and floorspace requirements. Meanwhile, in the SBSR space, the downward trend of the oil and gas market has had an adverse impact on shipbuilders as the demand for Offshore Support Vessels (OSV) has declined.

Nevertheless, the initiatives under NKEA Business Services were continuously agile and innovative to meet these challenges head on. The coordinated efforts of several agencies have led to increased SME participation in the aerospace industry supply chain. Continuous efforts are also ongoing to attract global data centre players and enhance the sector from a financial, regulatory and environmental perspective to ensure that Malaysia is an attractive data centre location. Lastly, the SBSR industry has started diversifying from the oil and gas sector, instead exploring other opportunities that show plenty of room to encourage localisation of design and production such as the fisheries and tourism segment.

Moving forward, to continue the momentum of the industry's development, the Government will take proactive measures and work in tandem with the private sector to advance the development of the business services industry. The capacity and capabilities of local industry players will need to be cultivated in line with achieving the NTP goals and moving towards Industry 4.0.

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